India

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NOTES AND NEWS.

We deal elsewhere with some of the leading points raised in the debate in the House of Commons on Tuesday night. Here we may refer to Lord G. Hamilton's figures, the purpose of which was to exhibit the wonderful recuperative powers of the Indian financial system, tried as it has been during the last three years by war, pestilence, and famine. It may be convenient to tabulate his explanatory figures for the three years 1896-7—1898-9 as follows :—

	Rx.
Cost of Famine	17,991,000
,, Plague	425,000
,, Earthquake	545,000
,, War	5,352,000
Total	Rx. 24,313,000
Net deficit	6,096,000
Balance of extraordinary expenditure met without increase of taxation....	Rx. 18,217,000

True, Lord G. Hamilton admitted that over Rx. 17,000,000 of this Rx. 18,217,000 was accounted for by savings effected through the rise in exchange. In this matter he was more grateful, not to say more accurate, than the Indian Finance Minister, who seems to have lost the minute and particular interest he took in the vagaries of exchange so long as it could be made the scapegoat of the Indian Government's financial difficulties. But, even with this admission, Lord G. Hamilton's presentment of the figures fell very far short of being a safe guide. Practically he invited the British public to believe that but for the exceptional disturbing causes of the three years under review, mitigated to a large extent by a favourable exchange, India was still "paying her way."

Now obviously the value of this contention turns upon the trustworthiness of the estimated cost of the famine, plague, war, etc. If we accept the estimated cost of the war as likely to be fairly accurate—though experience warns us that this is doubtful—we have a total sum of Rx. 18,961,000 left as the alleged cost to India of famine, plague, and earthquake in the three years 1896-7—1898-9. If these 19 millions really represented exceptional increase of expenditure, combined with exceptional loss of revenue due to the same causes, the Secretary of State might be said to have made good his claim. But an examination of the detailed figures as supplied in the official accounts tends at least to throw considerable doubt on the point.

In the first place, in this total is included the annual famine insurance grant (including working expenses of protective railways, railway construction, etc.) which, originally Rx. 1,500,000, has for the last five or six years averaged Rx. 1,000,000. That is clearly not an exceptional expenditure due to the late famine, but an expenditure due to a settled policy, initiated nearly twenty years ago, for which additional taxation was imposed and has since been maintained. The elimination of that item reduces the figure of Rx. 19,000,000 by Rx. 3,000,000. In the next place, in arriving at the total estimated cost, the profits on irrigation (due to the famine) have been treated as a set-off to increased expenditure. In this way Rx. 1,000,000 has been estimated as the increase of revenue due to irrigation for the three years. This is not enough. For the three years 1893-4—1895-6 the net *cost* of irrigation was Rx. 1,850,000; for the three years 1896-7—1898-9 the net *gain* from irrigation is over Rx. 350,000; hence the gain to Indian finance in the latter three years, due to the famine, may be estimated to exceed Rx. 2,000,000. Consequently, instead of an off-set of Rx. 1,000,000 under this head, there should be an off-set of Rx. 2,000,000. This calculation still further reduces the figure of Rx. 16,000,000 by Rx. 1,000,000. Again, Rx. 3,000,000 is the estimated loss of railway revenue due to the famine. But if we take as our basis the receipts for 1895-6 (when they were largely swollen by the military traffic caused by the Chitral campaign) the receipts for the two years 1896-7 and 1897-8 (for 1898-9 they are estimated at practically the same amount as in 1895-6) only show a shrinkage of about Rx. 2,000,000—1½ millions in 1896-7 and Rx. 600,000 in 1897-8. That is another million to be subtracted from the estimate of Rx. 19,000,000. The liberal estimates for loss of revenue under the head of land, salt, excise, etc., are open to similar criticisms though not so easily reducible to exact statement. We have, however, shown that the sum of Rx. 19,000,000 claimed as in the nature of exceptional expenditure ought to be reduced by at least Rx. 5,000,000.

The point, then, on which we join issue with the Secretary of State for India may be put briefly as follows. It is admitted that the Indian Government has been benefited to the extent of Rx. 17,000,000 in the three years by a rising exchange, and has been compelled to declare an aggregate net deficit of Rx. 6,000,000. Lord George Hamilton attempts to account for this deficit by showing exceptional expenditure exceeding Rx. 24,000,000. We reply that at least Rx. 5,000,000 and probably a good deal more of this is either not properly classed as exceptional expenditure, or is the result of improper estimates. This calculation leaves a large portion of that yawning deficit still unaccounted for on the plea of exceptional expenditure caused by war, pestilence, and famine—regard being had to the handsome contributions of a rising exchange to meet that exceptional expenditure.

In the closing portion of Lord George Hamilton's speech on Tuesday there was a passage which is worth noting. He said of Lord Elgin :—

> He has collected all the material necessary for agrarian legislation which I hope will greatly improve the condition of the tillers and occupiers of the soil.

It would be interesting to know what direction this legislation is intended to take.

Sir Henry Fowler made in the course of his speech on Tuesday more than one reference to the Currency Committee of which he is Chairman.

> The interests of India (he said) will, I believe, be paramount in the deliberations of that Committee. We are taking much evidence, and devoting a great deal of time and attention to its consideration; and if we fail to approach the solution of one of the gravest and most perplexing problems of Indian government, the failure will not be due to want of endeavour on our part.

In a later passage he improved upon these amiable generalities :—

> I can assure the House that the Committee over whom I have the honour to preside are most desirous to avail themselves of the evidence and experience of competent gentlemen, totally irrespective of whether they hold monometallic or bimetallic views.

Then the Committee, which, as even Sir M. Bhownaggree remarks, includes no Indian member, is desirous to hear the evidence of competent Indians? We are glad to hear it. There should be no difficulty in finding them. Mr. Dadabhai Naoroji, for example, whose letter to the *Times* of June 3 is acknowledged to be one of the most useful contributions to the present discussion, would no doubt be

willing to place his "evidence and experience" at the disposal of the Committee.

Sir M. M. Bhownaggree continues to over-act his part. His methods lack finish and restraint. We fancy that he disgusts even his Tory colleagues in the House of Commons when he traduces, as he traduced on Tuesday night, his countrymen who were delegated by representative bodies in India to give evidence before the Royal Commission on Indian Expenditure. That Sir M. Bhownaggree should dislike these gentlemen is to their credit. That he should so manifestly reveal it is to his disadvantage. Unless he is more careful, some inquisitive people will be asking whom or what *he* represents; which would be unpleasant. Sir M. Bhownaggree's contempt for education is instructive. The rich miller in "Janet's Repentance" said that he could buy up most of the educated men he knew. Perhaps that is not quite Sir M. Bhownaggree's point of view. But apparently it grieves him that his fellow-countrymen should be reading *literae humaniores* when they might be making themselves skilled hewers of wood and drawers of water. Let us not be misunderstood. We are all for the development of technical instruction in India. But it must not be made a stick to flog and to kill higher education. Too many Anglo-Indians, from the Secretary of State downwards, seem to welcome technical instruction for India in the hope that it may sooner or later prevent Indians from reading Burke and Milton and Macaulay and writing inconvenient articles in newspapers. It would be well if English members of Parliament—Mr. George Harwood, for example—took care not even to seem to lend themselves to so entirely indefensible a project.

A debate about India invariably produces a crop of absurdities in the newspapers. The *Daily Telegraph* of Wednesday reported Sir W. Wedderburn as urging Ministers

> to discover the causes of the village riots (*sic*) that had of late been disturbing the peace and quiet of India.

Of course what Sir William did was to urge Ministers to enquire into the condition of the *rayats*. But the palm must really be awarded to the *Daily Chronicle*, which positively printed in its leading article this amazing sentence:—

> Lord George Hamilton regards it as a triumph of administration that the relief amounted to 828,893,000 "muts"—a "mut" being the relief of one starving human being for one day.

What in the world are "muts"? A reference to the *Daily Chronicle's* report solves the mystery. "Muts" is a slip of the pen, or a misprint, for "units," and the error apparently misled the leader-writer!

Mr. Dadabhai Naoroji has received from Mr. Herbert Gladstone the following reply to the letter which we printed in a recent issue:—

> June 2, 1898.
> Hawarden Castle, Chester.
>
> Dear Mr. Naoroji,
>
> On behalf of my mother and the family I beg to thank the London Indian Society very sincerely for the kind message which they sent us through you.
>
> We are deeply sensible of the generous and appreciative spirit manifested by many representatives of the people of India in respect to my father.
>
> Believe me, very truly yours,
> (Signed) Herbert J. Gladstone.
>
> Dadabhai Naoroji, Esq.

Miss K. Marion Hunter, who for a short period was a "plague medical officer" in Poona, contributes to the *Nineteenth Century* an article upon "Fighting the Bubonic Plague in India." The scope of the article is less wide than the title suggests. What we really get is a description of the state of Poona under the plague, and the remark that "what was done in Poona may be regarded as an indication of the lines of action adopted elsewhere" is hardly accurate. The "lines of action adopted elsewhere," as we have seen, tended on the whole to be less severe and more conciliatory. Miss Marion Hunter, like so many English visitors to India, appears to have formed a highly unfavourable opinion of Native character. She remarks "the dishonesty of many Native officials, combined with a perfect genius for misrepresenting Government's orders, to suit their own ends," and she says that the sweepers in the plague camp "always (*sic*) showed their zeal by raising a cloud of dust as soon as they caught sight of a medical officer." Of the sanitary reforms she says that they

> were made more distasteful and alarming by the unscrupulous behaviour of some of the Natives who, personating search parties and seizing upon anyone they met, would threaten with segregation or notification as a case of plague unless the unlucky victim would bribe them. For all this, of course, the Government was discredited, and it is more than probable that rioting in Bombay and elsewhere might truly be traced to such delinquents.

Charges of this kind ought not to be made unless they can be supported by clear proof.

The passage we have just cited is by no means the only passage in the article which indicates the terror inspired in the people by the methods of the authorities:—

> The following story illustrates the Native's views on segregation: A Native plague helper in Bombay went to his officer one morning and gravely reported "Found a sick rat, sahib." On being asked what he had done with it, he replied he had "segregated it." "How," said the Englishman. "I killed it," was the quite grave answer of the Native.

Indeed most of what Miss Hunter has to say amounts to a description of the ingenious devices by which the terror-stricken Natives sought to evade the measures successively adopted for their welfare. In these circumstances one would have expected the "moral" of the story to be the importance of extreme caution, extreme kindliness, and extreme care to secure the co-operation of the people themselves—especially of those educated classes to whom the mass of the Natives naturally and rightly look for guidance. One hoped that this would be the conclusion as one read that "when the hospital staff had gained the confidence of the Natives the reaction in their favour was just as strong as the previous opposition." But Miss Hunter's conclusion is quite different. It is this:—

> The efforts to "stamp out" the disease having been so comparatively unsuccessful, one is inclined to think more radical measures should be adopted.

If that were the last word on the subject, the prospect in India would be dark indeed.

Miss Hunter tells us that "many curious and pathetic scenes were enacted in the hospital."

> One day on entering a female ward, a fat brown baby was noticed sitting astride its mother, who was suffering from plague; the child was apparently very happy and busy. On approaching the bedside it was found to be engaged in eating the linseed meal poultice from its mother's chest, and evidently enjoying it!! The child did not take plague.

"Curious and pathetic"—yes, and possibly instructive. Presumably the baby was hungry. Let us place side by side with this story another observation of Miss Hunter's:—

> The amount of risk to Europeans is quite infinitesimal; when one remembers the very large number of English men and women engaged in plague work, and the comparatively few attacked, one is greatly impressed by European immunity.

That is quite true. One *is* greatly impressed. And one is tempted to ask whether it is a mere coincidence that Europeans in India are in far "better circumstances" than the Native population. Do European babies in India evidently enjoy their mothers' linseed meal poultices? We fear that the plague, like so many other of the woes of India, is a sign of the awful poverty of the mass of the people.

The discussion on segregation as a means of staying the spread of plague continues, and there is still much difference of opinion among both Europeans and Indians. But the events of the past year have shown that as regards segregation other questions arise besides its immediate utility in preventing infection. The *Indian Spectator* says:—

> As regards the plague, we have had to recognise that preventive and remedial measures have to be regulated not alone by the counsels of perfection of Western science, but also by the habits and traditions of an Asiatic population among whom habit and tradition are dearer than life itself.

The Bombay Government is, according to the same authority, steadily relaxing the quarantine rules, and the plague inspectors are now ordered "not to harass passengers unless appearances are clearly against them." They are also instructed—and this coming at the eleventh hour has an unpleasant ring—to make no distinction between Indians and Europeans. Does this mean that the authorities are at last convinced of the truth of the complaints which have been appearing in the Indian papers? It is surely a matter of regret that this most necessary instruction should only be issued so late in the day. To see that the officials treated all who were liable to quaran-

tine impartially was obviously one of the first duties of the Government.

The case of the soldier accused of wounding several persons at Poona by random firing from an air-gun has ended in his being allowed to compound by money payment to the injured. The reasons given for this leniency are: that the wounds were slight; that the injured were ready, or rather anxious, to receive compensation; that the accused was a man of good character; and that he was about to leave the country. It is not our intention to blame the merciful decision of the judge; but certain questions naturally arise. First, if the positions had been reversed, if the aggressor had been an Indian and the sufferers Europeans, would a composition have been allowed? Secondly, if soldiers of good character behave in this reckless way, what may be expected from those whose character is not good? Unfortunately, we know what may be expected from the stories of violence on the part of Europeans which come by almost every mail. It is urged that some more drastic methods are needed to restrain the English soldiery in India. Is it not the first step to restrain the officers and those in authority from treating the Indians with contempt? It is to be feared that ignorant soldiers too often only translate into acts of recklessness and violence what they have learnt from the tone and manner of their superiors.

"It is somewhat singular," writes the *Economist* (June 4), "that nothing was telegraphed here either by Reuter's or any other public agency as to the reception which the currency proposals of the Indian Government had met with at home. Now, however, that the Indian papers have been received, we find that the condemnation of them has been as severe there as here." And the *Economist* cites the *Times of India* and *Capital* to show that "nowhere does the starvation policy, which alone is what the Government advocates, find acceptance." The surprise of our contemporary at the avoidance of the unpalatable topic by quasi-official press telegrams is ingenuous. That it should have been recorded is an instructive addition to our remarks of last week upon the conspiracy of silence regarding the murder of Dr. Sircar.

It is instructive to see things with the eye of a fresh and unprejudiced observer. An English clergyman, the Rev. R. C. Fillingham, vicar of Hexton, who is on his way to Japan, describes in the *Echo* some experiences which confirm our constant lament over the unhappy spirit of domineering exhibited by some of our countrymen in the East. "The further East one goes," Mr. Fillingham says, "the more one is struck, and painfully struck, by the attitude of Englishmen towards the native races—an attitude of bullying and oppression—and the possible danger to which this may give rise in the future." As he was driving by the sea at Colombo, he was struck by this incident:—

> The acquaintance with whom I was driving, worthy English merchant that he was, expressed the utmost horror at seeing in a carriage which passed us an Englishman and a Native gentleman driving together: the Englishman would lose caste for ever, he said. He regarded the Native—for all I know, a more cultured man than either of us—as little removed from the brute creation.

The same thing occurs "in word, in every smoking-room conversation, and, in deed, at every post we touch." At Singapore the English "thrust aside the Easterns as though they were so much dirt; they strike them on their naked breasts with sticks to make them give place; for they are of no account, they are not human beings!" Well may he ask: "Is this attitude of the West to the East just and reasonable? Is this attitude wise?"

In the course of an interesting address on Colonies and Chartered Companies, given before the Indian Section of the Society of Arts, Sir Alfred Lyall discussed the other day the advantages and disadvantages of granting Charters in the present age, finally deciding against them for many reasons, among others, this:—

> It is not a satisfactory governing agency in lands where there is a large native population which must be cared for and protected; for where there are living together on the same territory diverse races of which one is far stronger than all the others, I doubt whether the weaker folk can be sure of fair play under any administration that is not an imperial, and, therefore, an impartial arbitrator among local interests and prejudices.

It is consoling to hear from so great an authority that under an imperial administration the weaker folk are "sure" of fair play. Certain recent occurrences in India come unpleasantly into mind; and our confidence is still further shaken when we find Sir Alfred saying:—

> In the matter of capable administration and intelligent dealing with subject races their record shows mistakes and shortcomings; yet we have to remember that the whole history of the management of dependencies is full of errors and failures; it has been largely a story of mismanagement, and I really believe that in governing distant lands the companies have, on the whole, been quite as successful as the India Office or the Colonial Office.

If this be the case even with Imperial administration, it can hardly be a matter of surprise that the natives of Africa "often show an ignorant impatience of being governed by foreigners, according to foreign ideas, and a deplorable blindness to the benefits of civilisation."

Bombay has been thrown into a paroxysm of alarm by the news that a Press censorship has been established. The following telegram appears in the Bombay papers:—

> Government has ordered the establishment of a Press Committee for Poona. All Vernacular and Anglo-Vernacular papers published there are asked to send copies to the Committee appointed to scrutinise the utterances of Native journalists. Mr. Carvalho, City Magistrate, is President. The members are Mamlatdar Ransing, City Police Inspector Moore, and non-officials Rao Bahadurs Vishnu M. Bhide and Ganesh Gokhale.

The *Times of India*, edited by an Englishman, has the following comment:—

> The Bombay Government has not apparently completed its tale of blunders. The latest is the appointment, telegraphed by our correspondent, of a Press Committee consisting of officials and non-officials to scrutinise the Vernacular and Anglo-Vernacular Press of Poona. We do not know how far this appointment is legal. It is opposed to the declaration of the Viceroy that the Government of India was opposed to class measures. The presence of the City Magistrate and the Police Inspector on the Committee is impolitic and may lead to complications in future.

If such a Committee has really been appointed—the thing, indeed, seems incredible—we ought to know at once what it is intended to do, and how.

"Lord Elgin," says *Truth*, "leaves India in October, and he hopes to arrive at Broomhall, his place in Fifeshire, about the middle of November. Lord Cromer is said to have declined the Viceroyalty, and Lord Balfour of Burleigh will probably succeed Lord Elgin at Calcutta."

Nobody can accuse India of passing over or being lenient to the faults frequently to be found in the administration of affairs in India, and it is therefore with sincere gratification that we are able to point to an instance in which praise can be unstintedly given. Much has been urged lately in these columns on the subject of the ever-increasing burdens laid on Indian agriculturists at the periodical revisions of assessment of land held directly from the State to the Government Land Revenue, and we are glad to be able to report an instance in which such an assessment has been reduced. It is reported in the *Bombay Gazette* of May 14 that the Survey Settlement in the Olpar Taluka of the Surat Collectorate in Bombay has lately come under revision, even before the expiration of the first thirty years' settlement, which properly should not run out before 1899—1900. It was settled during and immediately after the American War, when prices, especially that of cotton, ranged high. Enquiries were therefore lately instituted to ascertain whether the rates of assessment fixed at such a period might not have become inequitable. It has been found that there has been no tendency for land to go out of cultivation; that, on the contrary, the area of waste land has steadily declined, and that resort to coercive processes for the realisation of the land revenue has been rarely necessary. These are crucial tests of the success of a settlement. On the whole, however, taking all the circumstances of the times into consideration, Government have come to the conclusion that the margin of profit left to the cultivator to make his property in the land a valuable commodity in the market is now not equitably large enough, and have therefore ordered the assessment to be reduced on the whole Taluka by nearly 3 per cent., the decrease in some instances ranging from 40 to 50 per cent., the latter probably being in the western villages bordering on the Gulf of Cambay, the soil of which is known to be largely impregnated with salt. We say to the Government of Madras, *O si sic omnes!*

THE DEBATE ON THE NEW LOAN.

LORD GEORGE HAMILTON, it seems, by a notable act of self-denial, refrains from reading his own speeches. For he assured the House of Commons on Tuesday that he never could understand why it was the fashion to apply the word "optimism" to Anglo-Indian officials. The optimism of Lord G. Hamilton is like nothing else in the heavens above, or the earth beneath, or the waters under the earth. The unsophisticated observer might have thought that it would be slightly modified by the task of proposing a new loan of ten millions sterling. Not at all. The need of the loan rather stimulated than damped Lord G. Hamilton's high spirits. Indeed he was able to show, to his own complete satisfaction, that the necessity of borrowing was a mark of the prosperity of India. In this way what would ordinarily have been an occasion of mourning was converted into a gay and festive time of mutual admiration. Lord George Hamilton adored Lord Elgin, and Sir Henry Fowler ("with him," as the lawyers say, Sir M. Bhownaggree) adored Lord George Hamilton. The front benches, so to say, fell upon each other's necks in a chaste embrace. The prodigal returned, not with regret, but with jaunty self-satisfaction, to ask for more. In short, there was nothing to mar the happiness of the scene except—the facts. As one listened to the smug periods of official and ex-official complacency, one was reminded of what Milton said of those other "blind mouths":—

> What recks it them? What need they? They are sped;
> And when they list, their lean and flashy songs
> Grate on their scrannel pipes of wretched straw.

Indeed the famine and the plague which has followed it make the next three lines no less apposite:—

> The hungry sheep look up, and are not fed,
> But swoll'n with wind and the rank mist they draw,
> Rot inwardly, and foul contagion spread.

The jingo press gleefully shared the dithyrambs of the front benches. "We have some reason," exclaimed the *Daily Telegraph*, in a characteristic effusion, "we have some reason to be proud of the prosperity of our great Asiatic Empire, and to put behind us, once and for all, the craven fears which, whether they express themselves in the suspicion that India cannot pay her way, or that she is a useless as well as an expensive appanage of our rule, are unworthy alike of our past achievements and our faith in our ultimate destinies." And all this on the strength of a new loan! That good Imperialist, Mr. Hooley, may well take courage from this prodigious confidence; bankruptcy itself may, after all, be only a blessing in disguise. Meanwhile the Parliamentary sketch-writers, who apparently tend to watch the House of Commons in the temper in which children watch a Punch-and-Judy show, dilated for the hundredth time on the meagreness of the audience and the dulness of the theme. What do these amiable gentlemen want? Can it be that, in their zeal for good descriptive material, they desire and expect to see the House of Commons grinning through a horse-collar on these occasions?

Lord George Hamilton's conception of his duties is peculiar. He is for the time being the representative of Parliament in the department of Indian affairs. But he appears to believe that it is his primary function, not indeed to hold the balance even between those who pay and those who spend the taxes of India, but to sing the praises, and adopt the conjectures, of the official hierarchy. He even defended his own action in delaying the appeal for subscriptions to the relief of the famine by reference to the amount obtained when the appeal was made. This, as the *Daily News* well said, would be an argument for deferring the use of chloroform until an operation was half over. As for the plague, he declared that no pains had been spared to re-assure the people in respect of the measures adopted, and to secure "if possible" their co-operation. The assertion is sweeping. But where is the proof? He said nothing, it will be noted, upon the two vexed questions—the expediency of segregation, and the employment of British soldiers on plague duty. His estimate of the cost of the recent war beyond the frontier is surprisingly low. But he claimed that it would probably prove excessive, and he added that the military operations had been completely successful. The one claim is about as sound as the other, than which it is superfluous to say more. He rejoiced that the ordinary revenue of India had stood the troubles of the past three years exceptionally well. Perhaps the mere admission that the burden has fallen upon the taxpayers is remarkable at a time when current panegyrics suggest that in some way or other it fell upon the officials. But what does the boast mean except that the people continue to pay their taxes, and that the objects upon which expenditure is urgently needed have been starved to meet the cost of a futile war? It would have been more to the point if Lord G. Hamilton had explained how it came about that the precedent of the Afghan war, when an Imperial contribution was made to the cost of an Imperial campaign, was in this instance ignored. Finally, by way of glossing over all the blunders and failures of Indian administration, he repeated once again the exploded fallacy of over-population in India. We have clearly stated (INDIA, April 1, p. 199) the answer to this tiresome absurdity, and our contentions have not been met. Lord George Hamilton's eulogies of Lord Elgin were the usual makeweight. Perhaps it is not Lord Elgin's fault that he has proved unequal to the many difficulties which have beset him. But to ascribe to him *Mens aequa in arduis*, and to say that he made his watch keep time in two longitudes, is, in view of the trans-frontier war, the press prosecutions, and the new law of sedition, to use the language of paradox and hyperbole.

The optimism with which the Secretary of State regards the need of a new sterling loan reminds us of the cheerful youth who was said to be the life and soul of his father's funeral. Lord George Hamilton not merely takes a roseate view of the condition of Anglo-Indian finance. He also assumes that, if the official accounts can somehow be made to square on paper, the condition of the people is necessarily prosperous. It is as if Lord Clanricarde should have boasted that his tenants were the most fortunate of men because he had a substantial balance at the bank. But the Secretary of State made some noteworthy admissions. The "main cause" of what he conceived to be the satisfactory state of Anglo-Indian finance was, he said, "the steady rise in the exchange value of the rupee during the last three years." He added that if the Government of India had done nothing in the matter of currency "they would have gradually drifted into a position in which they would not have been able to meet their obligations." Mr. Vicary Gibbs crossed the t's and dotted the i's of this remarkable declaration. "In other words," he said, "this successfully managed country would have been face to face with bankruptcy if she had not created an artificial system of coinage, destroyed the automatic currency which existed in the country, and made the coinage restricted in amount and inflated in value." Again, Lord George Hamilton said that in the famine—the effects of which it is ridiculous to describe as past and gone—there was terrible mortality in certain parts of the country, and almost every class of the community were in some way or other affected by it. Yet in another passage he described, and truly described, the people of India as "frugal, industrious, and orderly." The two passages, taken together, emphasize the contention of Mr. Samuel Smith and Sir William Wedderburn that the real problem which the Government of India has to face is how to improve the condition of the people. What is the point of the boast that the Indian revenue shows great stability in times of adversity, when, for example, in the Madras Presidency, as Mr. Smith observed, the assessments of Government land-revenue are so high that in the ten years ending in 1893 no fewer than 379,000 defaulters were sold up, and evictions are still proceeding at the rate of 20,000 a year? Mr. Smith laid stress upon the growth of military expenditure as the chief obstacle in the way of industrial improvement, and Mr. Maclean, who stated in his useful speech that there was "no check whatever" upon expenditure in India, took the same view. Sir Henry Fowler's speech was less unfortunate than usual. He even went so far as to agree with Mr. Maclean that there has lately been a considerable increase of the permanent debt of India apart from reproductive expenditure. And yet, strange to say, Sir Henry Fowler "congratulated" Lord George Hamilton upon "the satisfactory financial position of India"!

THE SPENDTHRIFT'S PRETEXT.

NOTWITHSTANDING the wrongheadedness of business people who somehow fail to see in India "a wonderful field for private enterprise and the investment of private capital," Lord George Hamilton, it appears from his speech on Tuesday, is supremely satisfied with the condition and prospects of the country. He examines the assets of the Indian Government and is delighted to perceive a "surplus" of Rx. 29,000,000. "I doubt," he exclaims, "whether any government can show a more satisfactory balance sheet than that which I have indicated." Business men in vain suggest to him that the figures are official and artificial; and they remark on the distinction between assets capable of immediate realisation and assets merely set forth on paper. Lord George is contemplating the past twenty years, and repeating the lesson sent home to him from Calcutta. We ourselves recently took a somewhat larger view (INDIA, December, 1897, page 374), and the conclusions we arrived at are somewhat different from his. We cherish a certain distrust of estimated assets, and regard with grave concern an addition to the debt of India during the past thirty years amounting to Rx. 40,000,000 and £87,000,000. That concern is not relieved, but on the contrary deepened, when we find the India Office complacently adding together tens of rupees and pounds sterling as if the denominations were financially equivalent. Nor are we reassured by Lord George Hamilton's querulous protest that the India Office never utilises its loans "for the purpose of manipulating the exchange." We do not say that it does. But we do say that it is mainly, if not solely, by means of its loans that it has been able to produce the appearance of success for the financial operation of 1893. The India Office, we are told, has recourse to a loan only in exceptional circumstances: "it is only when the Indian Government's cash balances are inadequate to meet our drafts here that we have recourse to raising a loan in this country." Precisely. And it is when a man's cash balances are inadequate that he tries to borrow; and then we are thrown back on the fundamental question why they are inadequate. We have already dealt in a recent issue (INDIA, March 25, page 181) with the insidious methods of India Office loan-mongering, and must now content ourselves with a simple reference to the strictures we then made.

On the present occasion one of these methods is again brought into requisition. That method, as we said, "consists of borrowing in the form of permanent debt a large sum in order to pay off a smaller debt that has matured for discharge." Part of the fresh loan provided for on Tuesday is intended to discharge existing debentures amounting to £3,384,000, and bearing interest at from 3½ to 4 per cent. In itself this appears to be a sound transaction. Then comes a different process, allied with the foregoing, and indeed very commonly a mere preliminary to it. Lord George Hamilton wants to apply £2,615,000 "to meet disbursements and raise railway capital in this country for India." On this object we shall have something to say presently. A modest £286,500 will go to eke out the Calcutta treasury so as to complete the payment of the year's home charges. The remainder, £3,714,500, will constitute a "reserve resource to the Secretary of State," "to tide him over the difficulty," "in case of exceptional disturbance in India"—famine and war being the contingencies in view. There is not a syllable about the Famine Fund, however, and Lord George Hamilton in another part of his speech looks forward to a considerable period of peace on the frontier. Anyhow, it will be handy for him, whatever the reason, to "have something at his disposal"; and the House did not unduly press his alleged grounds.

The central peg of the whole loan is, of course, the proposed aid towards the spirited policy of public works, particularly in the department of railways, so energetically backed up by Sir Henry Fowler. This section of the project is placed before the public in the conciliatory guise of an "investment." The pose is attractive. There are, however, we know, investments and investments; but this, we are assured, is a good investment. It is not a debt; for, said Sir Henry Fowler, "I do not agree that an addition to the debt caused by borrowing money for reproductive expenditure is a debt in the sense of being a loss. There are assets representing that liability." The doctrine of assets is comfortable, no doubt; but when the day comes on which India is no longer able to support the weight of debt hung about her neck, how will she be assisted by those excellent assets? Will they sell at the estimated value put upon them in the official accounts? And is it the fact that this expenditure on railways is reproductive in any efficient sense? Sir William Wedderburn pointed out, as the Indian witnesses before Lord Welby's Commission pointed out, that, as a matter of fact, so far from there being a total gain, there has been a very large loss on the railways. The guaranteed railways, with a capital of fully £46,000,000, show a loss of Rx. 33,200,000. The railways worked by the State, with a capital outlay of some Rx. 90,000,000, show a loss of Rx. 23,000,000. The State lines under lease to companies, with a capital of over Rx. 69,000,000, show a loss of Rx. 7,400,000. Add to these three totals of loss Rx. 6,100,000 of other charges in connexion with the railways, and we have a total loss to the State of close on Rx. 70,000,000, which is reduced to Rx. 55,600,000 only by the gains of a single successful line, the East India Railway. Reproductive expenditure which in a considerable stretch of years lands a country in a loss of Rx. 55,600,000 is hardly a thing to indulge in with a light heart. If it be urged that we must look forward and take account of the future with the developments it is sure to bring, we cannot help feeling that the argument cuts both ways. In any case, it does not consist with sound statesmanship to crush the present under intolerable burdens in order to provide for an uncertain and distant future.

Two arguments in particular are worked hard in justification of this feverish activity of railway enterprise. In the first place, it is said to be justified by the facilities it opens up for coping with famine. But this, though an excellent argument at one time—say in 1877—is practically obsolete now. It is some years since Sir Charles Elliott, in a panegyric upon the development of public works in India, declared that it was impossible that any future famine could take hold of the country now that the railway net-work was so fully extended in every direction. Since then, as we know, famine has taken a larger grasp of the country than ever it had done before within historical memory. Yet we believe it is impossible to point to a single spot in the whole area affected during the recent famine, and to say truthfully that there a man died, or suffered the pains of hunger, because he could not be reached by the existing means of communication. The lesson of the famine is a very different one. There was, it seems, abundance of food for all the requirements of the occasion. There was no difficulty whatever, as there was in the previous famine, in bringing the food to the suffering localities. The food was not expensive; it was cheaper than in England. And yet the famine was severe. Why? Simply because the people had no adequate means to buy the food. It is no question of railways; it is a question—a desperate question—of the awful poverty of the people. This argument, therefore, is completely outworn and out of date. The other argument in favour of railway extension urges the desirability—nay, the necessity—of opening up the industrial resources of the country. This also is a plausible but rather dangerous contention. We ought to be informed of the nature and extent of the industries that are now reasonably well supplied with means of communication with the market. If it is meant that new industries are to be developed, or old industries to be established or fostered in new places, then the task in contemplation may go far beyond any possible resources at the command of the Government. Is it not possible to run your railway where no industries will ever spring up to justify the expenditure? On a former occasion we pointed out the appalling waste of money, intelligible only to experts with local knowledge, on strategic railways on the North-West frontier (INDIA, Jan. 14, p. 22). Given the existing system of railways, India can and ought to wait for more till she is able to construct them out of her own resources, not out of loans. As Mr. A. J. Wilson has said, "the country is drained, not fed, by these expensive undertakings." In a word, "what is the renewal of a vigorous railway construction policy in India but the confession by the officials that if British money be not poured into the country in millions, it must break down in its credit?"

THE "EXPLANATORY" MEMORANDUM.

VERY attenuated indeed is the Explanatory Memorandum on the Indian Financial Statement for the year 1898-99. This may be due to the unusual earliness of the date at which it makes its appearance. Not that either earliness or brevity matters much, for the Explanatory Memorandum is one of those documents which never explain the things that require explanation. So much has already appeared in INDIA with reference to current Indian finance—notably in our issues of March 25 and April 29—that we shall here confine ourselves to one or two specific points raised by this fragment of Blue-book.

Lord George Hamilton is less ambitious than Sir James Westland. The Finance Minister indulged in a review of twenty years of Indian Finance. The Secretary of State is content with a review of the last three years. But what Lord G. Hamilton may be said to lack in ingenuity is compensated by other qualities. In this shorter review he gives, for example, a table which "shews approximately the extent to which the Accounts and Estimates have been disturbed by exceptional causes." And there, cheek by jowl with such exceptional causes as famine, plague, earthquake and military operations (the latter are only exceptional so far as the particular expedition is concerned; military operations of one kind or another have long been the expensive rule in Indian Finance) we find our old friend Exchange. Since when, one wonders, has exchange come to be an exceptional cause of disturbance in Indian accounts? But let that pass. In the same table there is a line showing "surplus apart from the foregoing charges" (including in these charges exchange). Thus if we were willing to overlook the clumsiness of referring to exchange as an exceptional cause of disturbance in Indian finance (charitably assuming that what was meant was "fluctuations of exchange"), we are still confronted with the calm official claim to hypothetical surpluses and financial prosperity were it not for the ravages of exchange and other exceptional causes. This simply will not do. The implication thus imported into the figures is nothing less than a *suggestio falsi*. Of course to the initiated in Indian finance the thing is not deceptive though it may be confusing. But for a large number of those who will see the figures it is absolutely misleading.

It may perhaps be worth while to expose once more the fallacy which underlies this treatment of exchange as an exceptional thing in Indian Finance. Anglo-Indian Finance Ministers continually point to the large excess of Revenue over Expenditure if exchange (*i.e.*, the low rate of exchange) be eliminated. They say, in effect, "We could remit crores and crores of taxation, we could wallow in surpluses, if only the rupee remained at or near its nominal value." In saying this they assume that with a high rate of exchange the revenue would still be maintained at its existing level. Not only that, but they take for granted that had the exchange value of the rupee never fallen below par, the yield of the revenue would still have reached its present proportions. But all this is obviously pure conjecture. How could there be a different condition in so important a thing as exchange—a matter affecting the whole economic condition of the Indian continent—without that difference making itself felt in every nook and corner of public finance? Suppose the productiveness of the revenue to be the result of the low exchange, what then? If you alter the one, you alter the other. But what Anglo-Indian financial authorities seem to say is, "If we could only enjoy the advantages of a low exchange without any of the corresponding disadvantages, or *vice versa*, what marvellous results we could show!" Doubtless; but the work-a-day world has a prejudice against this sort of thing. You cannot have your cake and eat it. And all this talk about might-have-beens, apart from exchange, is the merest official nonsense calculated to catch the unwary, and to conceal the true state of India's finances.

Here, too, we have a detailed estimate of the cost of the famine. Let us glance at the different heads under which this cost is claimed. "On relief"—that, as cash spent, may be conceded. "Remission of land revenue"—that, too, we may concede, but the amount is not large. "Temporary suspension of land revenue"—this is obviously a mere matter of account; there is also a set-off on account of "arrears of land revenue" to be recovered—in any case, this temporary suspension represents merely an increase of temporary arrears of which there is always a good crop in the land revenue collection. When people talk about the cost of the famine, they should mean the ultimate cost in cash to the State, and delays of collection should not count. "Loss of revenue under other heads," "Compensation for high price of provisions"—these are purely fanciful estimates. While one may be able to say, comparing one year with another, that the revenue has gained or lost, it is simply impossible to declare roundly that the gain or loss is due to any general cause. More especially is it fallacious to take all the losses arising or supposed to arise from any one cause and to ignore any gains which may well be due to the same cause and which, therefore, might be treated as a set-off. The solitary instance where gain and loss have been fairly treated—in fact, the matter was too glaring to be over-looked—is in the large gains under irrigation. In other matters this is not done. We have "losses of railway revenue"—which might just as well have been experienced in a year of bad trade as in one of famine—made the most of, but no mention of the saving in working expenses. We have the working of protective railways and other expenditure which belong to the annual Famine Insurance Fund or Grant treated as part of the "net cost" of "this terrible famine." The whole thing wears the appearance of a trick. The official apologists prove too much. They pile up figures on figures to swell the cost of the famine; they minimise savings in expenditure and gains on exchange, and then invite the world to admire the skill which under so heavy a burden has escaped with so comparatively small a deficit—in spite, further, of four crores of war expenditure.

Finally, we cannot pass without remark the skimpy proportions of the current Explanatory Memorandum. In former years it has extended to over fifty pages. This year it just reaches ten pages. Of course mere size is neither here nor there. But what makes the shrinkage significant is the character of the omissions. Practically all reference to the onerous home charges—to the ever-increasing burden of sterling expenditure by a silver-using country—has been suppressed. Perhaps Lord George Hamilton will plead want of time. The plea cannot count for much. The present document is dated India Office, May 25; that for 1895-6 (52 pp.) was dated June 20; that for 1893-4 (52 pp.) June 19; that for 1892-3 (52 pp.) June 13. The extra allowance of time in these cases was not considerable.

OUR LONDON LETTER.

(FROM A PARLIAMENTARY CORRESPONDENT.)

I NEED scarcely tell anyone who has followed the course of the present session of Parliament—they are few and are becoming fewer—that it has been rather a flat, stale and unprofitable time. And even in the case of busy and interesting sessions it is generally found that when the faithful Commons come together after the Whitsuntide recess members are anything but anxious to drink delight of battle with their peers. The holidays are already being sniffed from afar, and everyone seems anxious that the useful but inglorious task of "winding up" should forthwith be entered upon. And so on Monday last but few members turned up in their places, and such as did come were listless and apathetic. Mr. Balfour certainly looked much better for his short holiday, and Sir William Harcourt appeared to be ready for the fray. But there were no signs of the fray.

Mr. Balfour did what most leaders do in such circumstances—he claimed all the time of the House for the remainder of the session on behalf of the Government—with the exception of Wednesdays, June 8 and 15. And of course the usual protests from that ill-used creature the private member were heard. But the private member has, rightly or wrongly, lost caste, and his protests become feebler every year. Private members had not improved their position by allowing the House to be "counted out" on five-sixths of the Tuesdays given up to them, and of course Mr. Balfour did not fail to make a point of this. Commander Bethell sought to explain the matter by pleading that private members had lost interest because they could never be sure when they would have a chance. But Mr. Balfour would have none of it. He said the counts—out were easily explained by a natural desire on

the part of members for dinner and leisure. And then, after a gentle sneer at the private member as one who was "capable of much useful work of a non-contentious character," the Government's proposal was carried.

But while the matter was being discussed not a few questions were asked as to what measures the Government meant to drop, and they are evidently not a few. The Companies Bill has gone, and the Agricultural Holdings Bill, and the Food Adulteration Bill, and some others. The chief interest, however, centred in the London Municipalities Bill. Sir Ellis Ashmead-Bartlett sought to nerve the Government for the task of introducing it. "Don't be intimidated by the County Council election," he said, amid Opposition laughter; "don't seek to soothe an Opposition that will never be soothed," he added amid more laughter. But Mr. Balfour was rather coy about this Bill. His attitude was one of philosophic doubt. He said that an hon. friend would ask a question on the point the following day, and would receive a definite reply. Alas! when the next day came no question was put, and so no definite or indefinite reply was given.

The business of Monday evening was the second reading of the Finance Bill, and its leading feature was a plea put forward by the Church members for relief in taxation to such clergy as derived their incomes from tithes and could be shown to be paying more than their fair share of local taxation. This was simply the result of the relief granted to landlords recently. It has roused an appetite on the part of the parson for a share in any of the good things going. The Chancellor of the Exchequer gave a good deal of verbal sympathy, but refused to give anything else, and of course the Radicals did not fail to rub in the point that the granting of doles to one class always led to demands from others. Eventually the Church party wanted to withdraw its amendment, but Mr. Labouchere thought a division would be a pleasant way of winding up the business. So he forced one, and was apparently well satisfied with the result, for the Church champions were defeated by 215 to 27. The only noteworthy feature of the rest of the evening was an extraordinarily vigorous attack by Mr. Gibson Bowles upon the Chancellor of the Exchequer. Sir Michael is by no means a mild-tempered man. His wrath was amusingly apparent as his relentless assailant "let him have it." Again and again Mr. Bowles charged the Minister with a deliberate breach of faith. At length Sir Michael appeared to be stung beyond all endurance, and jumped up to explain, but Mr. Bowles refused to give way. "Oh, no," he exclaimed scornfully; "I am not going to have my speech split up into little bits. Let the right hon. gentleman wait until I have completed my charge before he attempts a defence." It would have been interesting to hear exactly what it was that the right hon. gentleman muttered as he sat down again.

The chief business at Tuesday's sitting was in connexion with India, Lord George Hamilton moving a resolution authorising the raising of a loan of £10,000,000 for the service of the Government of India. He also took the opportunity of making a financial statement, which, however, was in no way to interfere with the usual debate on the Indian Budget. The Budget debate proper is regularly postponed until the last days of a session, when about a dozen members listen to it. A similar discussion, introduced at the beginning of the last section of the session, excited but feeble interest. The two front benches were occupied by a few of the more important leaders, it is true, for Mr. Balfour, Mr. Chamberlain, Mr. Goschen, and the Home Secretary on one side, and Sir William Harcourt, Mr. Asquith, and Sir H. Fowler on the other listened, or appeared to listen, to Lord George Hamilton. It is a hard saying, but a true one, that Lord George seems more hopelessly incompetent when dealing with Indian affairs generally, and especially with Indian finance, than at any other time. On Tuesday he was at his worst. Indian finance is a difficult subject for the average member to follow at the best of times, but when it is "explained" by one who obviously does not understand it in the least, the mystery deepens. Members made praiseworthy attempts to follow the noble lord as he read out page after page of someone's manuscript about tens of rupees, but one by one they stole silently away. I asked one of the most brilliant of the Scottish members afterwards what he had thought of it. He said, "I happened to go into the House and I saw Hamilton at the Table. I thought the poor fellow was engaged in prayer, so I came out on tiptoe."

One thing was clear—Lord George had been instructed to praise everybody and everything, and he did so. Our conduct with regard to the famine, the plague, earthquakes, and the war, was held up for the admiration of the world. This gushing optimism is often the convenient refuge of the man who does not exactly understand what he is talking about, and it was appropriate enough in Lord George's mouth. Some of those who followed did not share it, however. Mr. S. Smith, a faithful friend of India, would like to see a much larger proportion of her revenue spent on industrial works. Mr. Maclean, a Tory, but a man who has lived in India, was by no means able to follow Lord George in his eulogies on the recent war beyond the North-Western frontier. Sir William Wedderburn, who has devoted the best part of his life to the service of India, while praising famine officers for their work in mitigating the effects of famine—a different thing from preventing it—could not take Lord George's rosy view as to the success of the railway system in India. He thought that a thorough examination would reveal a loss.

Of course we were treated to some sonorous and resounding platitudes from Sir H. Fowler. He never seems to enjoy himself so thoroughly as when delivering panegyrics upon the Government of India and the Secretary of State. He was filled with a sort of holy joy over what he conceives to be "the satisfactory financial state of India." But even Sir Henry suggested that now that the Afridi war is over, and the decorations have all been distributed, it might be just as well to have a thorough enquiry into the origin and conduct of that war. There is another member who apparently has brought himself to believe that no occasion of this sort would be complete without some words from him—Sir M. Bhownaggree. He spoke in the usual strain. He is not satisfied with the result of our present system of education in India, and he made some lofty references to certain "writers and spouters" which were meant to be impressive, but which were merely grotesque and in unspeakably bad taste. I do not know that anyone would accuse Sir Mancherjee of being a writer—but he is not free from the suspicion of being a spouter of a singularly unattractive and ill-informed type.

Of course Lord George Hamilton's resolution was carried. It is always a case of "ask and ye shall receive" with a Secretary for India. And I daresay that some honest members actually believed not a few of the glowing raptures set forth in the noble lord's type-written lecture which he had managed to read to the House, or rather to the Committee. The attitude of the vast majority of members is one of "don't know and don't care." I have watched the House on the occasion of many an Indian Budget, and I have always come away with the same feeling—a feeling of bewilderment. It seems so incomprehensible that a House which can take so keen an interest in some paltry personal incident is content to let the affairs of this vast dependency, vaguely referred to in perorations as the brightest jewel in the British crown, slip by almost unheeded. There are of course some notable exceptions. There is a band of men, small but faithful, who have stood by the people of India through thick and thin, but there is no doubt that for every man interested in the Indian Budget there are ten who are eager to see whether Mr. "Tommy" Bowles or another occupies a certain corner seat.

CHRONICLE OF THE WEEK.

Thursday, June 2.—The usual supply of rumours was in circulation in the United States, both as to what actually had occurred at Santiago de Cuba and as to what might be expected to occur immediately; but of official or authoritative information there was none whatever. The operations of Commodore Schley off Santiago were now described as a reconnaissance intended to ascertain the position and strength of the Spanish batteries; it was stated that no serious damage was sustained by any of the American vessels, but that three of the Spanish forts were silenced, and that the outer fortifications of Santiago were in ruins. Spanish reports were to the effect that Admiral Cervera's squadron, except the "Cristobal Colon", was not in the harbour at all. There was no certainty that any expedition would soon start from Tampa. It was stated that Mr. Knight, the special correspondent of the *Times*, who was arrested on his recent arrival in Cuba, was released on Wednesday.

The second ballot for the provisional President of the new French Chamber took place. The candidates were M. Paul Deschanel, the Ministerial nominee; M. Brisson, supported by

the Left; and M. Drumont, favoured by the Anti-Semitic group. M. Deschanel obtained a bare majority of four.

FRIDAY, June 3.—It was announced that the Duke of Westminster had consented to act as chairman of a provisional committee for the furtherance of the widespread desire to raise a memorial to Mr. Gladstone of a national and unsectarian character.

Mr. Samuel Plimsoll, who represented Derby in the House of Commons from 1868 to 1880, died at Folkestone. He was born in 1824.

Commodore Schley was said to have informed the Washington authorities that he had no reasonable doubt that Admiral Cervera's fleet was inside Santiago harbour. Tuesday's cannonade, he said, was intended to develop the enemy's position, and succeeded. The American vessels "did not sustain the slightest injury." Nothing was known in confirmation of the continual rumours about an immediate movement from Tampa, and the reports about the condition of the troops there and in other camps grew more unfavourable.

It was reported that a force of 300 Russian soldiers, encamped in the north-east of the province of Ferghana, had been attacked by a body of 1,000 natives and defeated, losing 20 killed and 18 wounded.

SATURDAY, June 4.—A despatch from Admiral Sampson to the Navy Department in Washington was published to-day, announcing that on Friday he had succeeded in sinking the collier "Merrimac" in the channel of Santiago Harbour. The exploit was most gallantly accomplished by Naval Constructor Hobson and seven men, all of whom were made prisoners by the Spaniards. Admiral Sampson proposed to effect an exchange of these men for Spanish prisoners. He added that six ships of the Spanish squadron were now in the harbour of Santiago, and could not escape being captured or destroyed. The "Merrimac" had torpedoes placed all around her. She was then taken into the harbour-channel and sunk there by Lieutenant Hobson and his companions. At Madrid reports were received to the effect that one of the ironclads of the American fleet and an auxiliary cruiser had tried to force an entrance into Santiago Harbour, and that the ironclad had been repulsed and the cruiser sunk by the fire of the Spanish batteries. The affair was described as a Spanish victory, and there was much rejoicing, which was abated when it was found that the sinking of the "Merrimac" had been contrived by the Americans themselves on purpose to block the harbour.

SUNDAY, June 5.—One of the greatest gatherings ever seen in Hyde Park took place there this afternoon in memory of Mr. Gladstone. There were half-a-dozen platforms, from which Churchmen and Nonconformists gave short addresses, and conducted a simple service consisting of hymns which were known to be special favourites of the great statesman, the Lord's Prayer, and the Doxology. Seven choirs were present, with the object of leading the singing, and for that purpose they were to have been grouped in the centre of the park, but owing in some degree to the vastness of the crowd they were never really massed.

MONDAY, June 6.—The evacuation of Thessaly was said to be virtually completed on Sunday by the retirement of the Turkish troops from Larissa, which was then occupied by Hellenic troops under General Vassos.

There was no trustworthy news of further military or naval operations either at Santiago de Cuba or elsewhere. Rumours as to the despatch of American troops to Santiago were freely circulated in the United States, but they did not appear to have any foundation; and the Spanish Government absolutely denied that any American expedition had landed in Cuba. From Madrid it was stated that the attempt to close the harbour of Santiago by sinking the "Merrimac" was considered there to have failed, because the vessel was sunk before reaching the entrance to the channel, but as she might form an obstacle to the freedom of navigation the Minister of Marine had ordered her to be blown up with dynamite. In the United States, however, the operation was regarded as having completely succeeded, and there was much popular enthusiasm over Lieutenant Hobson's exploit.—From New York it was reported that the attitude of the Washington Government in reference to suggestions of the possibility of peace was passive. The United States had entered on the war for a well-defined object, and would not desist till that object was attained, but would welcome proposals from Spain which should take account of the inevitable.

TUESDAY, June 7.—Reports from various sources stated that the American fleet bombarded the Santiago forts on Monday morning for three hours and inflicted much damage, and also that an American force landed and joined with the insurgents in an attack on the fortifications from the land side.—From Manila there came detailed accounts of hard fighting between the Spanish garrison and the rebels, in which the latter appeared to have gained some important advantages, and to have stormed many of the Spanish outposts.

WEDNESDAY, June 8.—Mr. John Morley addressed a great gathering of Liberals at Leeds. At the outset of a speech devoted to a review of Great Britain's relations with foreign Powers, he paid an eloquent tribute to the memory of Mr. Gladstone—the champion of the oppressed against the oppressor, of national prudence, and of national self-control against empty vanity and barren ambition. Dealing with events in the East, while he was willing to admit the negative success of the Government in that they had avoided war, Mr. Morley contended that what had been obtained from China were not so much concessions to as obligations incurred by England. In the course of a sharp criticism of Mr. Chamberlain's Birmingham speech he declared that they could not mend bungling diplomacy by incendiary rhetoric.

THE DEBATE ON THE LOAN BILL.

SOME OPINIONS OF THE PRESS.

THE "DAILY NEWS."

Lord George Hamilton ended his speech, which contained nothing else so important as the statistics of exchange, with a glowing eulogy of the Viceroy. He applied to him the words inscribed on the Council Chamber at Calcutta—"Mens æqua in arduis," a mind calm in difficulties. The inscription is very familiar, because Macaulay in his famous essay quotes it as characteristic of Warren Hastings. Whether Warren Hastings deserved impeachment or not, he was a great man, and to be compared with him is itself an honour. Lord Elgin is not quite a Hastings. He is an able, clear-headed man, fond of business, and accustomed to it; an excellent pilot in smooth waters and quiet times. It was his misfortune and not his fault that his Viceroyalty included a grave crisis when a momentous decision had to be made. It was his fault, and not his misfortune that instead of judging high matters on sound principles for himself, he submitted to the control of the military faction who talk and dream only of war.

THE "DAILY CHRONICLE."

For our part, we should be glad if we could be quite assured that our Government was doing all that might be done for the real development of the Indian populations, and that it was influenced as much by their best interests as by the outcries and the prejudices of the Anglo-Indian caste. To the outsider the advance of native India either in decent material welfare or in serious civilisation and enlightenment seems to be very slow. A tremendous military budget and a swash-buckler policy on the frontier are the surest means of preventing it from moving faster. But the Government is now much more preoccupied with the problem of improving the value of the rupee—which is an official matter far more than a people's question—than they are with lightening the load of taxation, or guarding against future famine, or even promoting factories. Lord Elgin came in for high praise last night, but we confess to a wish that the wise and generous policy which marked Lord Ripon's viceroyalty could be again made powerful in the Government of India. From that large spirit of liberality we have nothing to fear and everything to gain. If the new Viceroy is a creature of the Anglo-Indians, or a tool of the Army, he may do infinite mischief. If he is a statesman he may do a great imperial work in healing the mischiefs which these disasters have left.

THE "MANCHESTER GUARDIAN."

These broad views of Indian Government finance, however well founded and however completely they may afford just sanction for increase of debt on proper occasion, tend to encourage unwholesome optimism unless we keep clearly in mind the fact that the population is steadily increasing, and that the need for preventing wasteful expenditure is as great as if there were a serious deficiency in the current accounts year by year. The condition of the people, as units, must not be lost sight of in our rejoicing over the power of the Government to meet its obligations. All competent critics are agreed that the masses of the people are taxed to the full measure of their capacity, and in such circumstances retrenchment and an avoidance of useless expenditure become an urgent duty. Mr. Smith's reference to the huge amount of the private indebtedness of millions of the poorer classes of cultivators was by no means out of place even in such a discussion upon the finances of the Government as that raised by the motion of the Secretary of State. This indebtedness involves a severe strain upon the resources of the industrious population, and if you can devise means for lessening the strain you not only raise their standard of living, but enable them to bear more easily the burden of taxation.

THE "TIMES."

Of course, it was not for a moment in doubt that the House would sanction the proposals of the India Office, but the raising of a loan of ten millions seemed unlikely to lend itself to optimistic treatment, and it was regarded, in some quarters, as affording a favourable opportunity for adverse criticism. Lord George Hamilton, whether his statements and his arguments are altogether sound or not, deserves the credit of having taken the bull by the horns with a boldness that overwhelmed his critics. He turned his appeal for financial

assistance into a triumphant vindication of the solvency and the prosperity of India. It may be, as was suggested by some subsequent speakers—such as Mr. Maclean, Mr. Samuel Smith, and Sir William Wedderburn—that certain weak points were left out of sight and that too much was made of some real advantages. But the indisputable facts are sufficient to show that India, in spite of many drawbacks, which, it is to be feared, the wit of man cannot wholly remove, has a great fund of strength and vitality, and that this has been steadily developed under British rule. In these circumstances the addition, or what appears to be such, of ten millions to the Indian debt is not a dangerous operation.

THE "STANDARD."

Lord George Hamilton had, indeed, to touch, and even handle, that most explosive measure, the suspension of the coinage of the rupee, and the consequent—or, let us say, to escape suspicion of partiality, the concurrent—improvement of the exchange. But he confined himself to plain matter of fact about which there is not the slightest shadow of difference—namely, that the reduction, during the recent years of war and famine, of that ominous item in the accounts, "loss by exchange," has been the main reason why the Calcutta Exchequer has emerged from the long ordeal with comparatively little financial damage. Commerce may have been hampered. The development of the industrial resources of India may have been retarded, and to that extent the future of the revenue may be prejudiced by the present relief secured for the Exchequer. But about the magnitude of the temporary advantage and the grievous consequences which would have ensued had the rupee been permitted to decline to its metallic value, statesmen are absolutely agreed. India has been brought safely through one of the most trying periods of English rule, simply because the need of fresh taxation or large borrowing was averted by this opportune diminution of the sums that had to be provided for defraying Home charges. Had nothing occurred to check the course of depreciation "the deficit which we now have to meet would have been, not six millions, but twenty-three millions."

THE "WESTMINSTER GAZETTE."

We cannot help saying that it seems to us that there is very real danger of the administration of India becoming even more under military auspices than it has been in the past. Mr. Kipling, with his Padgett, M.P., has made us all a little afraid of criticising the administrative acts of Indian officials; but, bearing well in mind the evils of Padgettism (which are obvious), it seems to us clear that everything has not been for the best in the best of worlds. There was the military muddle on the frontier in the North, and the Press martinets in Central India have by the new law practically put the whole of the Press, Native and Anglo-Indian, at the mercy of the Executive. It may be confidently affirmed that the great mass of civilian opinion was strongly against this most unwise step. This Press muzzling order was promulgated at a time when we are quite ready to believe nerves were badly shattered—by plague riots and what not—but that hardly justifies, if indeed it explains, the wild hitting out and about which followed. . . . We are proud of our work in India, and we look upon our administration there as one instance out of many which prove our genius for government. It is just because of this pride that we ought to take care and avoid such blunders as have been committed, due largely (as we believe) to the fact that militarism is on the executive the predominant partner.

THE "STAR."

It is quite in accordance with the fitness of things that, so soon as the echoes of the war beyond the frontier have died down, Lord George Hamilton should come to Parliament for powers to raise another India loan of ten millions sterling. Many official compliments were exchanged in the House of Commons yesterday, and at the end of them the House resolved with unconscious irony that it was "expedient" to raise the loan. We are glad to see, however, that independent members like Mr. Samuel Smith, Mr. J. M. Maclean, and Sir William Wedderburn raised their voices in emphatic protest, not so much against the loan itself as against the persistent blunders in policy which make such loans appear inevitable. The present loan would have been unnecessary if the Government had done—as Parliament and the country wished it to do—its duty in contributing to the cost of the senseless campaign in mid-Asia. Nor would the loan be so large if it were not for the determination of the authorities to push on at all costs with the construction of railways which do not pay, at the expense of taxpayers who do not want them. But after all it is not war, nor famine, nor extravagance on railways that lies at the root of India's financial difficulties. We find the fundamental cause in the steady drain of tribute from India to this country without equivalent return. Until Parliament and commissions and currency committees recognise that fact, and our countrymen in India are required to fulfil the letter and the spirit of the Queen's Proclamation, the costliness of alien government must continue to thrust India deeper and deeper into the mire of poverty and debt.

Imperial Parliament.

Monday, June 6.

HOUSE OF COMMONS.

PETITIONS.

East India (Contagious Diseases),—Petitions against State regulation; from Bolton, Ashton-under-Lyne, and Clifton; to lie upon the Table.

STATE REGULATION OF VICE.

East India (Contagious Disease) (No. 1, 1898),—Copy presented—of Memorial addressed to the Secretary of State for India on the subject of the measures recently adopted for dealing with Contagious Disease in the Indian Army [by command]; to lie upon the Table.

THE NEW LOAN BILL AND THE FINANCIAL STATEMENT.

In the course of the conversation which followed Mr. BALFOUR'S motion with reference to the business of the House,

Sir W. V. HARCOURT said: The Indian Loan Bill has been mentioned for to-morrow, and my impression is that the Secretary of State for India intimated that he would make his Budget statement in introducing the Bill, but I do not think that would be a convenient course to take, because, as the noble lord is aware, members have been in the habit of putting down notices of motion on the order paper for the Indian Budget. I hope it is not intended to introduce the Indian Budget to-morrow.

Lord G. HAMILTON said it would be necessary, in introducing his promised Bill to-morrow, for him to state what was the general condition of the Indian finances for the year, but he proposed to move the usual resolutions on Indian finance at the usual time, and that would give hon. members the ordinary opportunity of raising questions other than financial connected with the Government of India. There would therefore be two opportunities of discussing Indian finance, and one of discussing other Indian questions.

Mr. HERBERT LEWIS urged that the discussion on the Indian Press Laws should not be left until the end of the Session.

Tuesday, June 7.

HOUSE OF COMMONS.

PETITIONS.

East India (Contagious Diseases),—Petitions against State regulation; from Glasgow (three), and Kilwinning; to lie upon the Table.

THE COMMITTEE ON CURRENCY. SCOPE OF THE ENQUIRY.

Mr. SOUTTAR asked the Secretary of State for India whether it would be open to the Committee now enquiring into the proposed measures regarding the Indian currency, under the clause of their instruction which directed them to consider the probable effects of any proposed changes upon the internal trade and taxation of the country, to investigate and take account of the effects on the internal trade and industrial resources of the people that had been and were being caused by the annual obligatory remittances by which payments were made through the India Office here, estimated at sixteen millions sterling in the Current Financial Statement:

Whether a statement could be placed before the Committee showing the amounts of the home charges drawn for yearly since 1873, and the sums added to the sterling debt of India in the same period:

And, whether the Committee would be free to suggest means of permanently relieving India of some substantial portion of these charges.

Mr. HERBERT ROBERTS asked a similar question.

Lord G. HAMILTON: I have already explained in answer to a question that the Committee are empowered to enquire into any matter which they may think relevant to the subject which has been referred to them; they have also been requested to confine their enquiry strictly to such matters as they may think relevant. It is for them to decide whether the subjects mentioned in the honourable member's question are relevant, and, if so, whether they will enquire into them. It is for them also to call for such statements as they require; any such request of theirs will be at once complied with, provided, of course, that the information asked for is available.

EMPLOYMENT OF INDIAN TROOPS BEYOND THE FRONTIERS OF INDIA.

Mr. ARTHUR O'CONNOR asked the Secretary of State for India whether a regiment of Native infantry from India would permanently reinforce the Mauritius garrison:

From what funds the pay and maintenance of the Indian portion of that garrison would be defrayed:

And whether the pension and recruiting charges, and other contingent expenses, would be defrayed from the same funds.

Lord G. HAMILTON: The period during which the Native infantry regiment lately sent from India will stay in Mauritius is not yet settled, but it is not intended that it should form part of the permanent garrison. All charges for the regiment, ordinary and extraordinary, will be borne by Imperial revenues.

Mr. ARTHUR O'CONNOR asked the Secretary of State for India whether he proposed to lay upon the Table of the House the correspondence with the Indian Government relating to the employment of Indian forces in Africa and elsewhere beyond the external frontiers of India; and, if so, when.

Lord G. HAMILTON: I do not know whether the question of the hon. member has reference to any particular occasion on which the Indian forces were employed in Africa or elsewhere beyond the Indian frontier. So far as I am aware, in each case when the Indian forces have been thus employed of late, all the correspondence that

could properly be published has been laid before Parliament. The general principle governing the expenditure connected with the employment of Indian troops beyond the external frontiers of India was laid down in the despatch of the Secretary of State of June 30, 1896, which formed part of a Parliamentary Blue-book.

THE COMMITTEE ON CURRENCY AND THE CEYLON PLANTERS.

Mr. GIBSON BOWLES asked the Secretary of State for the Colonies whether he was aware of the dislocation under which the trade of Ceylon was now suffering, owing to the closing of the Indian mints, the scarcity of rupees, and the consequent exorbitant rate of interest prevailing:

And, whether he could give any assurance that the planters of Ceylon would be allowed to state their case before the Committee which was about to enquire into the question of the Indian currency.

Mr. CHAMBERLAIN: Representations have reached me to the effect that the future of the tea industry in Ceylon depends largely on the currency question. The attention of the Committee has been specially called to the desirability of giving a full hearing to representatives of the Ceylon planting interest.

THE MURDER OF DR. SIRCAR.
STILL NO MENTION OF EUROPEAN SOLDIERS.

Mr. LEUTY asked the Secretary of State for India what were the circumstances attending the death at Barrackpur, on April 30, of Dr. Sircar, an eminent Native medical practitioner.

Lord G. HAMILTON: I have little to add to the answer which I gave on this subject on May 12. There can be no doubt that the death of Dr. Sircar was caused by violence, and the local magistrates have enquired into the matter and committed three men for trial on the charge of culpable homicide in connexion with this outrage.

THE FINANCES OF INDIA.
NEW LOAN OF £10,000,000.
UNDAUNTED OFFICIAL OPTIMISM.

The House having gone into Committee of Ways and Means, Mr. J. W. Lowther in the chair,

Lord G. HAMILTON rose to move the following resolution :—" That it is expedient to authorise the Secretary of State in Council of India to raise in the United Kingdom any sum or sums not exceeding ten millions sterling for the service of the Government of India on the security of the revenue of India, and to make provision in relation thereto." He said: Those members of the House who are now in committee and take interest in Indian finance and who have read the debate on the Indian financial proposals for the present year are aware that an integral part of those proposals was the placing of a loan in this country, and the borrowing powers of the Secretary of State being exhausted necessitates an appeal to Parliament for the necessary power. I may at the outset explain that the loan founded on the resolution I propose to move is connected solely with the ordinary financial and administrative business of the Government of India, and has nothing whatever to do with currency proposals which, with the assent of the House, have been referred to a committee for investigation and report. The purposes for which this loan is required can be roughly summed up under three heads. The first object is to redeem obligations of the Secretary of State which were contracted at high rates of interest in past times and are now approaching maturity. Such obligations are to be discharged and replaced by the issue of bonds bearing a lower rate of interest, and therefore by this transaction there will be no addition to the total indebtedness of the Government of India; on the contrary, there will be a reduction of the amount of interest payable on the amount of the debt. The second purpose to which this loan will be applied will be to provide part of the capital funds which are raised for railway extension in India. Every year the Indian Government invests a large amount of capital in these and other reproductive works; spending as much as it can out of surplus revenue, and borrowing under powers which are now exhausted. The third purpose associated with the loan is that it gives a certain reserve resource to the Secretary of State, so that in case of exceptional disturbance in India, in the event of famine or war largely reducing the available revenue at the disposal of the Indian Government and preventing the remission of sums for the discharge of obligations in this country, the Secretary of State will have something at his disposal to tide him over the difficulty. Such are the objects to which this loan is to be applied. The amount I propose to ask the assent of the House to is ten millions sterling. In August next debentures amounting to £3,000,000, and bearing interest 3½ per cent., will mature, and it is proposed to redeem these and replace them by bonds bearing a lower rate of interest. In the course of the year a smaller sum, £384,000 Oudh and Rohilkund debentures at 4 per cent., will mature, and these we propose to take up and replace by stock bearing lower interest. The total amount required to replace existing obligations is £3,384,000, and, in addition to this, £2,615,000 will be required to meet disbursements and raise railway capital in this country for India. The home net expenditure of this year is estimated at £16 286,500. We propose to draw upon India to the extent of £16,000,000, and the balance of that sum will be met out of this loan, and the remainder of this sum, £2,615,000, will be applied, as I before said, to the advancement and extension of railway construction in India. Therefore the net amount added to the indebtedness of the Government of India to this country will be £2,615,000. Notice will have to be given to the Money Market of our intention to raise this money some time in July, and therefore it is necessary to get the assent of the House to our proposals at a date anterior to that. It seemed to me therefore that, as I should have to ask the leave of the House to raise this sum of money, it was only reasonable to give the House some indication of the nature of the security on which the loan would be raised. That necessitates a review of Indian finance, and forms a favourable opportunity to make that statement upon the position of the finances of India during the past few years which is usually made at a later period of the Session.

Mr. MACLEAN: Will the noble lord say what is proposed to be done with the six millions in sterling bills raised last year to pay off home charges, are they going to be renewed?

Lord G. HAMILTON: They are going to be renewed.

Mr. MACLEAN: Then this will be in addition?

Lord G. HAMILTON: No, that is part of the debt now. But if my hon. friend will allow me to go on in my own way, I will deal with that point subsequently. The accounts made up for 1896-97, the first famine year, show a deficit of Rx. 1,705,022, less than the estimate by Rx. 281,878. Consequently, our financial position is improved by that amount. The revised estimates for 1897-98 indicate a deficit of Rx. 5,283,100. In the debate raised on the Address by the hon. member for Flint, I stated that, according to the latest information, the deficit would be Rx. 6,630,000; our position, therefore, is better than was then anticipated by Rx. 1,350,000. The Budget for 1898-99 estimates a surplus of Rx. 891,400, and if hon. members will total up these three sets of figures they will find they amount to a total deficit of Rx. 6,096,722. Owing to the exceptional disturbances during the whole of this triennial period, it would be mere waste of time to make the usual analysis and comparison which form a large part of the annual statement of the Secretary of State for India. Famine, plague, earthquake, and war have caused great disturbance in revenue and expenditure in India, and I propose to take each of these items in detail, and the Committee will see what amount of exceptional expenditure the Indian revenue has had to bear, and how far India has been able during the past three years to meet this exceptional expenditure by additional taxation. Sir J. Westland in his financial statement included a table of figures showing the cost, direct and indirect, of the famine for the three years, but this table omits the temporary suspension of revenue which, though perhaps recoverable in future years, is an important loss in years when famine is prevalent. I propose to include these, to debit the year in which the temporary suspension of revenue occurs, and to credit the years in which that temporary suspension is recovered, and I propose also to include for purposes of comparison the amount of the famine insurance fund. For the year 1896-97 the total direct and indirect loss caused to the Indian Exchequer by the famine was Rx. 7,514,312. For the year 1897-98 it amounts to the enormous sum of Rx. 9,717,900. The original estimates of the Indian Government were much exceeded this year. The Budget statement is made in February, at a time when the Government are in full possession of the crop prospects of Northern India, but they could not accurately estimate what would take place in Madras, Bombay, and the midland portions of India. Rain did not fall at the time at which it usually does, and thus the famine operations were much protracted in those districts, and that accounts for the large increase over the original estimate. For the year 1898-99 the famine expenditure is estimated at Rx. 769,700, and, taking the total of the three years together, we get an aggregate of Rx. 17,991,912 as the cost of the famine to the Indian Government. We have now an accurate account of the manner in which these funds were applied, and we know that no less than 828,893,000 units were relieved, being an average of 1,814,000 per day for fifteen months; 1,250,000 heads of families were relieved by grants of cattle, seed, and implements so as to enable them to pursue their avocations. Some 1,000,000 persons of respectable position who had not recourse to Government aid were fed through charitable agencies; 1,250,000 persons on relief works were assisted in addition, and, further, provision was made for the maintenance and education of 4,000 orphans whose friends cannot be found. I believe that there never has been raised so large a sum for charitable purposes as that contributed by this country during the past eighteen months to the relief of the sufferers by the Indian famine. (Hear, hear.) I was blamed, and certain gentlemen in this House blamed me, because I did not authorise an appeal to be made at an earlier date to the British public. I thought it wise first to be able to accurately state the full dimensions of the famine before such an appeal was made; and, further, I considered it essential that all the details of the scheme by which the funds should be applied should be worked out so that it should be made clear to the public that the fund was not to be used in any way to take the responsibility from the shoulders of the Government. I think I was not wrong in providing for such delay in the appeal to the public, inasmuch as a larger sum was obtained than was ever the case before, and was administered more efficiently for the purposes of relief than any previous contributions of the same kind. (Cheers.) The disaster is the most serious visitation of that character which has occurred during the present century. There was terrible mortality in certain parts of the country, and almost every class of the community were in some way or other affected by it. But if one looks at it from the political and administrative point of view and reflects upon the result of the relief operations, there is much that is satisfactory and gratifying to know. It is admitted on all hands that no Government ever made so great and successful an effort before to combat famine and avert its consequences, and the people in the districts who had the benefit of Government relief and were under Government supervision recognised this fact, and are deeply grateful for the assistance so given. (Cheers.) On the other hand, the superintending, district, and local officers were brought more personally into contact with the people, and obtained a better knowledge of their idiosyncrasies and peculiarities than they could have done had they been engaged in their ordinary routine work. In many parts of the country special ties of sympathy have sprung up between the governors and the governed, productive of reciprocal good-will. The expenditure upon the plague is comparatively speaking small. The figures I am about to give represent only the direct expenditure of the Government, and they do not take into account sums which were spent by local authorities or municipalities. They amount to Rx. 23,700 in 1896-97, Rx. 284,100 in 1897-98, and Rx. 118,100 in 1898-99, making a total of Rx. 425,900 expended during this triennial period. We are now at a time of the year when this terrible disease is least effective in its ravages and when it is most easily kept under control. But I am sorry to say there is no use disguising the fact that, in spite of the vigilance and exertions of the local authorities, the plague has made great ravages during the past six months. Every effort has been made by the

Government to prevent its spread, and no pains have been spared to reassure the people as to the measures to be adopted for its suppression and to secure, if possible, their co-operation. In many districts they have heartily co-operated, and the joint efforts have, I am glad to say, in many instances been successful. The expenditure in consequence of the damages caused to railways and public buildings by the earthquake amounted in these three years to the sum of Rx. 534,000. As regards the exceptional military operations which occurred during this time, in the first year the amount spent upon them was Rx. 39,000. In 1897-98 the operations on the North-Western frontier cost Rx. 3,823,000, and the Indian Government have made provision to the extent of Rx. 1,488,000 in the Budget for possible expenditure. We have every reason to hope that this estimate will be largely in excess of any probable demand. Taking the total expenditure on military operations up to this time it amounts to nearly Rx. 5,351,000. I think that whatever difference of opinion may prevail on various sides of the House as to the origin of the frontier disturbances, we note with intense satisfaction that the military operations have been completely successful. (Cheers.) Sir William Lockhart and his soldiers, in spite of the almost insuperable physical difficulties which they had to overcome, have successfully performed one of the most troublesome tasks ever set before any body of men. (Cheers.) The combination of strength and clemency which has been shown by the Indian Government to the wild border tribes has had a beneficial effect, and I trust that in years to come we shall have comparative tranquillity in these regions. The policy of her Majesty's Government, which was laid down in a despatch sent to the Government of India, was, I believe, approved of by all sections in this House. It was based on the principles of concentration and conciliation, and I hope that a steady adherence to the principles so laid down will prevent the likelihood of any similar drain on the exchequer of India such as that to which it has just been subjected for many years to come. If the committee will follow me in the figures I have laid before them they will see that during these three years there has been an exceptional loss to the Indian exchequer, in consequence of either the direct or indirect action of famine, plague, earthquake, and war, amounting to no less than the enormous sum of Rx. 24,313,600. The deficit is only Rx. 6,095,722; therefore we have in this triennial period of exceptional disturbance the satisfaction of knowing that no less a sum than Rx. 18,217,878 of the exceptional expenditure has been met by the ordinary revenue without increased taxation. (Hear, hear.) This statement is far more satisfactory than I anticipated it would be possible for me to make. I think it is due to two causes. In the first place, the ordinary revenue has stood the troubles of the past three years exceptionally well. Those who take an interest in the difference between our fiscal system and the fiscal system prevailing in India will know that a much larger proportion of taxation in this country is raised by indirect means than in India, and that here, owing to the greater wealth of the community, we consume a much larger proportion of those taxable articles, which, if not included under the head of luxuries, lie in the scale between the luxuries and necessaries of life. The result, therefore, is that the British revenue shows much more mobility than the Indian revenue in times of prosperity, but in times of adversity the Indian revenue shows greater stability. That is one of the causes to which the satisfactory balance-sheet for these three years is attributable. But the main cause of this satisfactory statement is the steady rise in the exchange value of the rupee during the last three years. I am very anxious to avoid all controversial questions associated in any way with the movement of the rupee. There is always some question or other agitating the community upon which it is necessary for people to be inflexible and implacable. Theological discussions during the Middle Ages much excited the attention of the community, and the practice of those who obtained a prominent position in any community was to endeavour to establish theological orthodoxy by means of the rack or the stake. Well, currency questions seem to lead rather to the same position. I have received a good many communications from different persons during the last few weeks; they do not agree with me, and I am quite certain that, if they had the power, the stake and the rack are the very least of the penalties to which they would subject me. (Laughter.) Therefore what I am now about to say I will make as non-controversial as possible. There is in the Indian accounts for the year the item "Loss by exchange." I want to make it perfectly clear what that loss by exchange means. For many years the exchange value of the rupee measured in gold was 2s., and every ten rupees remitted was equivalent to £1 in gold. As the rupee fell in value it became necessary to put in some adjusting item in order to show the number of rupees over and above the rate of ten to £1 which were remitted to this country in order to be the equivalent in value of £1. The loss by exchange which is annually included in the accounts of the Government of India includes that number of rupees over and above the rate of ten to £1 which annually have to be remitted to meet the obligations of the Secretary of State. It consequently follows that the higher the exchange value of the rupee the less is this item called loss by exchange; the lower the rate, the greater the loss. During the past three years the rupee has steadily risen. During my predecessor's tenure of office in the year 1894-95 it fell to 12·7d.; in 1896-97 it rose to 14·4d., in 1897-98 to 15·3d., and in 1898-99 the same rate is taken. The total loss by exchange for these three years in the aggregate is estimated at Rx. 33,000,000, giving an average loss of Rx. 11,000,000 for each year. I perceive in certain quarters an idea, which is very freely promulgated, that a fall in the exchange value of the rupee does not really affect the Indian Government, and this conclusion is arrived at by the following process of reasoning. It is asserted that the aggregate indebtedness of any one community to other communities in the world is discharged by the surplus of the exports of that community over its imports, and consequently it is assumed that so long as the export trade of India is good it is immaterial to the Indian Government what is the rate at which they will have to meet their obligations here. I dare say as an abstract proposition it is perfectly true that the general indebtedness of a community is discharged by the surplus of its exports over its imports, but you cannot apply that general abstract principle in concrete to each individual matter. The exports from India do not belong to the Indian Government. The ability or inability of the Indian Government to meet its obligations in this country does not depend on the export trade of India; it depends on the number of rupees which it has in its cash balances which it can exchange for commodities, and the lower the exchange the larger the number of rupees which it has to remit. Consequently there may ensue a time when the fall in value of the rupee will entail a larger and larger number of rupees being remitted here. There may arrive a period when the Indian Government will be unable to meet its obligations unless it can increase its revenues to a similar extent. That is a self-evident proposition, and I want the committee just to realise what difference a slight rise in the exchange value of the rupee has done for Indian finance during the critical period of the last three years. I will assume for a minute that the rupee had remained at the figure which it reached during my predecessor's tenure of office—12·7d. At the present moment the silver value of the rupee is 10·5d. I think all will agree that that is a reasonable figure at which the rupee might be taken if the Indian Government had done nothing but stand still, and if it had remained at that figure the loss by exchange during the past three years would have been Rx. 50,000,000, an excess of Rx. 17,000,000 over the actual loss that did occur. The deficit also which we now have to meet would have been not Rx. 6,000,000, but Rx. 23,000,000, and so far from having a surplus for next year—of which I think there is every reasonable prospect—we should have been face to face with a deficit of Rx. 23,000,000. I think it most unfair that an attack should have been made on the Indian Government in this connexion. It has been asserted that they have wantonly raised this question of exchange and pushed currency proposals on the monetary world. If the Indian Government had stood still and done nothing, I repeat what I have said before, that they would have gradually drifted into a position in which they would not have been able to meet their obligations. (Cheers.) I venture to say that in that case the same individuals and the same interests which now attack them for having wantonly raised this currency question would have been the first to denounce them then for an attitude of vacillation and ineptitude, when they found what enormous monetary interests were at stake and that the Secretary of State was unable adequately to meet his obligations. (Cheers.) My hon. friend the member for Cardiff asked me a question in regard to the six million bonds. There is an impression amongst certain persons that whenever the Secretary of State obtains power to raise a loan of this character he, and the India Office, utilizes it for the purpose of manipulating the exchange. I can assure the committee that that is an entire delusion. We draw upon the Indian Government as much of their cash balance as they allow us, and it is only when their cash balances are inadequate to meet our drafts here that we have recourse to raising a loan in this country. The last loan was raised at the close of the year 1893, and if I place before the Committee the application of the proceeds they will perceive very clearly, I think, the procedure which the Secretary of State and the India Office adopt. These loans comprise all the sterling capital over and above the capital raised in India which may be required for railway enterprise, and therefore the figures which I will read out will include all those sums which were applied by the Secretary of State to railway enterprise and were raised in this country. In the first year after the passing of this loan, the year 1894-95, the debt raised was £1,984,000; in the subsequent year, 1895-96, we met the whole of our obligations by drafts from India, and we were able to reduce the debt to the extent of £11,000. The next year, 1896-97, we were able to do better; we met the whole of our obligations, and were also able in the course of our transactions to decrease the debt by £860,000. We then commenced the year 1897-98, which was an exceptional year. Our cash balances in India were reduced to the lowest possible point compatible with safety; we had to meet not only the expenditure caused by the prolongation of the famine, but to provide ways and means for a great frontier war, and were therefore compelled during the last year to raise here a sum of no less than £8,486,000. That includes the six millions of bonds to which my hon. friend referred. Whether we should convert those bonds into stock or not is a question on which I think we have not yet come to a decision, but undoubtedly the bills so issued will in the future form a permanent part of the Indian debt to this country. Those members of the Committee who have followed me will clearly see that in no sense are these loans used for the purpose of manipulating the exchange. Everybody admits the inadvisability, necessarily, of increasing your gold obligations in this country, but owing to very exceptional circumstances we cannot draw to the full extent on India, and we have had recourse to a loan. In every case when we raise money here on loan we desire to know that it is to be applied to reproductive work in India, and the great bulk of this loan will unquestionably be utilised in providing capital for such purposes. I should like to take a short review of what the result of our capital expenditure has been during the last 20 years. It is just 20 years since the last great famine terminated, and Sir James Westland very properly laid a series of figures before the Committee in Council at Calcutta with reference to that period. There is an impression in many quarters that India cannot pay her way during this 20 years. If we exclude war, famine, and special defence works, there has been a surplus of revenue over expenditure of Rx. 51,000,000. War has cost Rx. 21,250,000, special defence works Rx. 4,500,000, famine Rx. 8,250,000, making a total of Rx. 34,000,000. Therefore there is an absolute balance of revenue over expenditure during that time of Rx. 17,000,000, and 13½ millions of that surplus has been spent upon railways, leaving a surplus of Rx. 3,500,000. That is an immensely satisfactory account, but at the same time I am bound to admit that it would not be so satisfactory if this country had not contributed five millions towards the Afghan war. There is also another fact which it is only right I should lay before the Committee. During the whole of this period we have gone on borrowing in this country for reproductive expenditure. There has been some inconsistency in the policy which we have adopted in connexion with the extension

of public works. Shortly after the great famine of 1878 a Select Committee was appointed, of which I was chairman, and among the members of the committee were my right hon. friend the leader of the House, Mr. Fawcett, Sir George Campbell, and a number of other well-known names. We arrived at the conclusion that, looking at the comparatively small returns obtained from the railways and the great cost of construction, it was advisable to limit the capital raised in any one year for the development of reproductive public works. We fixed the limit at £2,500,000. Almost simultaneously the Famine Commission, who had been taking evidence in India—a Commission composed of very eminent men—adopted the broader view that it would be a material advantage to India in its direct as well as indirect effects to have a liberal policy of capital expenditure upon reproductive works. They recommended that it would be advisable to remove this limit of £2,500,000. The committee sat in 1884 to reconcile the difference between the recommendations, and they came to the unanimous conclusion that under the changed conditions, the improved credit of India and the good returns which the railways were making, it was advisable that a larger sum should be raised than £2,500,000. At the same time they laid down as a cardinal principle governing its policy of public works that it should not be developed to such an extent as would in any way entail the risk of additional taxation. My right hon. friend has given great attention to this question, and he proposed to extend and develop the system under which railways had been conducted in India. I looked into some of the figures which were before him, and I came to the same conclusion. Some three years ago I told the Government of India to be prepared for a much larger programme in connexion with railway construction than had been previously entertained. Unfortunately the famine broke out almost simultaneously with this, and the result undoubtedly was that there has been considerable financial difficulty in providing under these exceptional circumstances for the additional expenditure then contemplated; but, notwithstanding the fact that this experiment has been carried on under most exceptional and disadvantageous circumstances, I see no reason whatever for altering my opinion. (Hear, hear.) Let us see what is the problem with which we have to deal in India. During the past twenty years, notwithstanding the curtailment caused by the famine, the population under our rule including the addition of Upper Burma, has risen from 192 millions to 230 millions—an increase of 20 per cent. from 1877 to 1897. During that twenty years the increase, if the Native States are included, has been something like 50 millions. Such an increase of population, unless industrial employment is developed, is an additional pressure upon the means of subsistence in many parts of the country. If this increase of population goes on, and if we do nothing to improve and develop the resources of the country, India will become nothing more nor less than a huge congested district. (Hear, hear.) It may be said that the railways after all only affect the well-to-do, and that this policy of railway extension is promoted in the interests of European officials and the well-to-do people amongst the Indian community. But if we take into consideration the people who use those railways and look at the growth of passenger and goods traffic we will clearly see that these railways are enormously used by the poorer classes in India. During the last twenty years the open mileage has risen from 7,300 miles to 20,800 miles, an increase of 185 per cent. A considerable proportion of those railways are for strategical purposes and not for purely commercial traffic; and therefore one would expect that in the return so far as passenger and goods are concerned, these strategical railways would bring down the general average. The increase in the number of passengers during the past twenty years is from over 34,000,000 to above 160,000,000, an increase of 370 per cent. The number of tons of goods carried has risen from 9,000,000 to 32,000,000, an increase of 255 per cent. If in England the increased railway returns are taken as showing that internal trade is good, it may also be accepted as affording a similar indication in India. Then take the Post Office. I find that there has been an extraordinary development of the amount of work done. I find that in the Savings Banks Department of the Post Office there has been an increase from Rx. 2,000,000 to Rx. 10,000,000. If we turn to trade, I find that the exports have increased from Rx. 60,000,000 to Rx. 103,000,000, an increase of 70 per cent. Imports have increased from Rx. 35,000,000 to Rx. 71,000,000, an increase of 103 per cent. Gold has been imported during these 20 years to the extent of Rx. 50,000,000, and silver to the extent of Rx. 165,000,000. (Hear, hear.) Now comes the most curious phenomenon of all. Last year, when there was exceptional pressure, a larger amount of silver and gold was imported than in any year before except one. I think the figures which I have read out clearly indicate that the policy of investing annually large sums for the development of railways and other works in which the Government can legitimately take part has paid well. Sir James Westland, a most cautious and accurate man, calculates that during the past 20 years the Government of India have spent in various forms on railway, irrigation, and other works, including municipal and agricultural improvements, no less a sum than Rx. 198,000,000; and he estimates that, so far from the capital expenditure having entailed additional charge on the revenues of India, it has actually paid Rx. 500,000 a year better than if the expenditure had never been made. When we turn to the value of the assets of the Indian Government we find that there is a surplus of Rx. 29,000,000. I doubt if any Government can show a more satisfactory balance-sheet than that which I have indicated. (Hear, hear.) If real success has attended the Government policy of capital expenditure in India, and if they have obtained more or less remunerative results from it, does not India offer a wonderful field for private enterprise and the investment of private capital? In India there are a very great population, frugal, industrious, and orderly, a prolific soil, and a large amount of mineral wealth practically at present untouched. I will not go into any controversial question—(laughter)—but if, however it is done, people could be assured that they would get back from India the value of the money they had invested there, I believe it would effect an economic and industrial revolution in India. India does not get the full benefit of her connexion with the Empire at large, and competition between different parts of the Empire is only good where it is on fair and equal terms, and not otherwise. The cotton trade has prospered of late in India; but, while that has been the case, the Lancashire cotton trade has never done a greater business than it is doing at the present moment; and, so far from there being any bad feeling between Lancashire and India, the Lancashire cotton district contributed larger sums to the relief of the sufferers in the Indian famine than any other similar-sized population in the United Kingdom. (Hear, hear.) Well, sir, the statement that I have ventured to make is one which, I think, considering the circumstances in which it is made, is not unsatisfactory. I may be told that it is the outcome of official optimism, and that all persons who hold office take an unduly sanguine view of the position of affairs for which they are responsible. I never can understand why it is the fashion to apply the word optimism to Indian officials. The right hon. gentleman opposite has had some experience of these officials, and so have I, and I should think that, if there is a body of men not unduly sanguine it is the Indian officials, because they are conscious of the difficulty and magnitude of the rule they have to maintain. Through the agency of these officials, a perfect revolution has been brought about in the financial system of India, and what has recently been going on in Egypt has been going on in India for many years on a larger scale, and I think it is right we should look with some satisfaction on the financial edifice we have reared in India. Such satisfaction is not incompatible with the knowledge of troubles ahead. Nobody who looks at the relations between this country and India can deny that there always will be troubles and risks surrounding our dominion there. There are social and political problems which every decade seems to render more difficult of solution. The present Viceroy of India is now approaching the last year of his tenure of office. The last three years of his rule in India have been associated with more serious difficulties than any period since the Mutiny. It is no exaggeration to say that, if any grave error of judgment had been made, if any false step had been taken, or if there had been vacillation or want of determination shown by the Indian Government most serious consequences would have ensued. I think there is no subject in her Majesty's realms upon whose shoulders has been concentrated so much responsibility as the Viceroy of India. (Hear, hear.) He is the personal head of the greatest administrative machinery in the world. He is more or less responsible for the well-being, the prosperity, progress, and order of 300,000,000 of inhabitants. That task in itself is a herculean one; but the burden of his work is not so much associated with the immensity of the administration he has to maintain as with the complexity of the problems with which he is called upon to deal. Of all the great Indian statesman who have held high office in that country, I think nobody has more clearly defined the nature of the difficulties and troubles that surround our rule there than the late Sir Henry Maine. In a very celebrated lecture he delivered on the government of India, he made an appeal to his audience that they should show great consideration and tolerance to Indian officials in the discharge of their duties, for he knew some of the almost superhuman difficulties with which they have to contend, and he summed up the position thus:—"The general character of this difficulty may be shortly stated. There is a double current of influence playing upon this remarkable dominion. One of these currents has its origin in this country, beginning in the strong moral and political convictions of a free people. The other arises in India itself, engendered amidst a dense and dark vegetation of primitive opinion—of prejudice, if you please—stubbornly rooted in the *débris* of the past. As has been truly said, the British rulers of India are like men bound to make their watches keep true time in two longitudes at once." (Cheers.) Lord Elgin went out to India a comparatively unknown and untried man. His tenure of office will expire at the close of this year, and he will return having been tried in the very highest sphere of administrative work and responsibilty. He has steered India through most serious crises, and, to use the phraseology of Sir Henry Maine, he has contrived to make his watch keep true time in two longitudes at once. (Cheers.) It has been his misfortune to have to deal with these troublous questions, and thus he has been compelled to postpone various fiscal and agrarian reforms which I know he had much at heart; but he leaves to his successor a sound system of finance, and he has collected all the material necessary for agrarian legislation, which I hope will greatly improve the condition of the tillers and occupiers of the soil. (Hear, hear.) I believe in the Council Chamber at Calcutta there is a motto above the chair of State of the Viceroy which shortly describes the quality which I think has been the cause of the establishment and maintenance of our dominion, not only in India, but in many other parts of the Empire. It is the well-known Latin motto *Mens æqua in arduis*, and I think that, without exaggeration, it may be truly said that of all the eminent men who have occupied that chair, no one has more unostentatiously and yet more effectively displayed that quality than the Viceroy whose tenure of office is about to terminate. (Cheers.)

Mr. S. Smith wished to associate himself with all that had fallen from the Secretary of State in praise of Lord Elgin and the very able men who were conducting the Government of India. He thought, however, the noble lord had taken too rosy a view of the situation. He had given prominence to all that could be said in favour of our rule in India, but had passed over all that could be said on the other side. Those who wished to hold the scales equally knew perfectly well that our rule was encompassed with most tremendous difficulties, and that the chief problem to be solved was how to raise the peasantry from a condition of pauperism to one of independence. The evidence of Sir W. Hunter, Mr. A. O. Hume, and others well qualified to express an opinion, showed that the Indian peasantry were burdened with debt and enmeshed in usury. The agricultural population was, in fact, always on the verge of starvation. The over-population of some parts of the country was excessive. In parts of Bengal the population reached 800 per square mile, living wholly by the land. Sir W. Hunter said: "If we allow four persons to each peasant family, we find 24 million human beings struggling to live off the

produce of 15 million acres, just over half-an-acre apiece." The real problem which the Indian Government had to face was how to improve the social and industrial condition of the peasants. He suggested that steps ought to be taken to improve the present methods of cultivation by establishing experimental farms and educating the people in agriculture. Then a system of agricultural grants ought to be introduced, under which money would be advanced at 9 per cent., or at the outside 12 per cent., and the present exorbitant rates of interest exacted by the money-lenders ought to be made illegal. The old system whereby debts were dealt with by a council of elders and cut down to a reasonable figure might be reverted to with advantage. He was in favour of a general liquidation of existing debts and of a new beginning with a rate of interest of 9 per cent. Something like the homestead law of the United States ought to be introduced, under which a certain amount of a peasant's land would be inalienable and his agricultural implements would be protected. He advocated the reissue of the famine report published twenty years ago and its distribution among officials in India, for a great many of its recommendations had not yet been carried out. To the miserable condition of the rayats in Madras Presidency he drew special attention. It was shown by the enormous number of evictions for non-payment of Government assessment. In the ten years ending in 1893 no fewer than 379,000 defaulters were sold up out of a total number of 5,374,000 holdings, or 7 per cent. These evictions were still proceeding at the rate of 20,000 a year, the explanation being that the assessments were much too high. In the Madras Presidency there ought to be a revaluation and reassessment. The real obstacle in the way of the expenditure of money upon industrial improvement in India was the enormous military expenditure that went on. The annual military budget of India had gone up in twenty years from 16 crores to 25 crores. This lavish expenditure was in great part due to our jealousy of Russia. How far was it fair that our friction with Russia springing out of rival policy in China should lead to a heavy drain on the people of India? It was quite clear that the policy we had embarked on in China meant ages of rivalry with Russia. Peking would take the place of Constantinople. What was our vulnerable point? It was Afghanistan and the Indian frontier. Russia by attacking Afghanistan could force us to fulfil our pledges to protect the Amir, and a most difficult and expensive campaign could be at any time forced on us. Who was to pay the cost of this war if it should arise? An Anglo-Russian war in Afghanistan, if it ever happened, would be really an Imperial not an Indian war, and the cost should be borne by this country. He awaited with interest the report of the Commission on Indian expenditure. It was absolutely necessary that we should adjust on fair principles the relative expenditure of the two countries. He would like to see the principle laid down that any expenditure beyond 20 crores annually should be borne by this country, or at least one-half of it should be so borne. Such a provision would wonderfully make for peace. Dealing with the currency question, he said that many hon. members were placed in a position of great difficulty, because it had been announced that the Indian financial statement would not be made that evening, and in consequence hon. members were not allowed to put down the usual motions preparatory to the Speaker leaving the chair.

Lord G. Hamilton said he proposed to make the motion as usual upon which the various questions connected with India could be raised, and the hon. member would then have power to bring forward any question he chose. He had, however, stated on a previous occasion that he would give some indication of the financial position of India, and that he should make his financial statement on the present motion. In respect, therefore, of the finances of India the hon. member would be twice as well off as he would otherwise have been.

Mr. S. Smith said that hon. members were under the impression, at any rate, that nothing was to be taken that afternoon except the Loan Bill. The Government had embarked in a most difficult and dangerous operation in changing the money standard of India from silver to gold. He believed that it could not be done without involving great suffering to large classes in India. It ought not to be done until all classes of the Indian population had been fully heard. By closing the mints to silver we had forced up the value of the rupee 50 or 60 per cent. above the price of silver. If the account was simply between the Government and the Indian taxpayer much could be said for the Government policy, but the crux of the situation was that we altered the standard to the disadvantage of the debtor against the creditor. Was it right by tampering with the currency to stay the process of emancipation of the peasantry that was going on? If it be unavoidable to adopt the gold standard and raise the rupee, then let there be some compensatory advantage given to the debtor class, such as a composition of their debts, and a reduction of the rate of interest; so that the Indian peasantry might take a fresh start. India needed a long period of peace, economy and industrial development. No nation ever had a heavier and more responsible task laid upon it than we had towards that vast and helpless population. We had scarcely skimmed the surface as yet, and there was work awaiting us which would task our powers for centuries to come. (Hear, hear.)

Mr. Maclean did not think the proposals offered by his hon. friend opposite could possibly be undertaken by any Government. He agreed with the noble lord in that part of his interesting speech in which he praised the Indian Government for the way it had dealt with the famine. The great body of Indian civilians and military men employed in that work showed excellent judgment, intelligence, and humanity, and the degree of success they attained was quite unexampled. But he could not quite agree with the noble lord in the indiscriminate praise he bestowed upon those who were engaged in the frontier operations; he referred, not to Sir B. Blood's campaign, but to that conducted by Sir W. Lockhart. The Russians had an attack made recently upon a Russian garrison in Central Asia, and what was the first act of the Russian Government in consequence of that disaster? It dismissed the military governor, who was not prepared for the surprise and allowed it to be carried out. Now it was the abandonment of the Khyber which had led to the terrible waste of life and property and credit which we had suffered. Had we yet cashiered a commissioner or shot a general for that incomprehensible blunder? (Hear, hear.) Possibly, if we had, our affairs would have been better managed in India. (Cheers.) The noble lord throughout his statement left out of sight altogether what was the main feature of Indian finance—namely, that whether there was a surplus or a deficit the debt of that country was constantly increasing. (Hear, hear.) Even in the last five years he believed the permanent debt had been increased by twenty-five millions sterling. This question of debt was entirely left out of sight in the figures presented by the Indian Government, and that was why the figures were so completely misleading. He remembered an occasion when the noble lord spoke in terms of disparagement of House of Commons finance; but the House of Commons, at all events, had reduced debt by hundreds of millions sterling in this country, not to speak of the large amounts which had been transferred to local treasuries for the education of the people and the general bettering of their condition. There had been some correspondence in the newspapers comparing India with Egypt, and the comparison was a very interesting one, but the disadvantage was all on the side of India. The state of India was antagonistic to all that existed in Egypt. Indeed, he should not be exaggerating if he were to say that the financial condition of India rather resembled what the condition of Egypt was under Ismail than it was under the English officials who now governed that country. There was no check upon expenditure whatever in India. That was the real weakness of the system. The Government of India would declare war and make an expenditure of many millions without coming to this House at all. The most important reform that could possibly be introduced into India was to limit military expenditure. This had reached a most alarming amount, and it would ruin the country unless some stop was put to it. He also considered that something must be done to reduce the remittances made annually to this country. Whatever the system of currency, India could not go on paying 16 millions a year to England for the home charges. These ought to be reduced in some way or other; they must be. If it was necessary to borrow in order to pay them off, it would be better to borrow one large sum, giving India time to develop her resources so as to bear the burdens now too heavy for her. India now had to pay between Rx. 25,000,000 and Rx. 30,000,000 for home charges, and all the profits on her industries and mercantile concerns (which were in the hands of Englishmen) before she received a penny back for her exports. That meant that for about half her total export trade she received no return. Consequently, with the present balance between her exports and imports, India must become more and more a debtor country. He wished the Government would depart from their usual custom in currency matters of fixing their attention on the exchange question alone, and have more regard to the general condition of the country. Trade in India could not prosper as long as there was a restricted and artificial currency. He knew that the noble lord had only the benefit of India at heart, and that he had no wish to bolster up the exchange. But the natural effect of raising loans in England was to keep up an artificial rate of exchange. It would be far better to trust to the operation of the natural laws governing the course of trade. (Hear, hear.)

Sir H. Fowler: I cannot forbear from expressing my appreciation of the admirable and lucid manner in which the Secretary of State has made his statement—(hear, hear)—and the noble lord's appreciation of the manner in which Lord Elgin has discharged the duties of his very troublesome Viceroyalty will be most gratifying to the Viceroy. (Cheers) On some occasions I have differed from Lord Elgin on grave matters of administration, but that does not disentitle me to pronounce my strong concurrence in the high language which the noble lord applied to him. When I was in official communication with Lord Elgin I formed the same opinion of his "equal mind" in difficult circumstances, and among the very great names which have been added to the list of past Viceroys there are few which will stand higher than that of Lord Elgin. (Cheers.) This debate has already evinced a tendency towards bimetallism which will no doubt become aggravated later. (Laughter.) But on currency questions my mouth is absolutely sealed. I cannot indicate any opinion on the wisdom or folly of the financial proposals of the Government for the chairmanship of an important committee has been entrusted to me, and every member of that committee approaches the subject with every desire for impartiality. The interests of India will, I believe, be paramount in the deliberations of that committee. We are taking much evidence, and devoting a great deal of time and attention to its consideration; and if we fail to approach the solution of one of the gravest and most perplexing problems of Indian government the failure will not be due to want of endeavour on our part. (Hear, hear.) As to the financial statement of the noble lord, outside currency questions, I cannot follow the hon. member for Cardiff with reference to the borrowings made within the last few years. I do not agree that an addition to the debt caused by borrowing money for reproductive expenditure is a debt in the sense of being a loss. (Hear, hear.) There are assets representing that liability; it is not like a debt where capital and interest have to be paid out of taxation. Last night an hon. member drew for us a lugubrious picture of local finance, based on the enormous increase in the local debt. But that debt should be divided between productive and non-productive expenditure, for, where the income earned provides not only the interest on the outlay but a sinking fund for the repayment of the capital, the expenditure is wise and judicious. Originally, if the Indian Government had not borrowed in England capital for the construction of railways those railways would never have been made; and the same applies to the canals and irrigation works. If the hon. member for Cardiff will analyse the £25,000,000 borrowed by India in recent years he will find that more than half has been for railway and canal purposes. But I agree with him that there has been a considerable increase in the last few years of the permanent debt of India, outside of reproductive expenditure. In 1897-98 there was borrowed in London £8,379,000 sterling; and the noble lord says that he contemplates borrowing £2,616,000 for the extra expenses

thrown upon the finances of India by recent disasters. Therefore there has been something like 11 millions added to the permanent debt in the last two or three years, mainly, no doubt, on account of famine, the military operations on the North-West frontier, and the expenses incurred in London. But I cannot admit that there is any confusion in the finances of India with reference to capital and income. The returns show that for many years there has been a large excess of income over expenditure. I cannot think that the gloomy picture which my hon. friend has drawn of the financial position of India is justified, but I do deplore the action of the Commission which I had the honour to advise the Queen to appoint with reference to the home charges. (Hear, hear.) That Commission has been sitting for years. The noble lord has promised us again and again the report of the Commission, but I believe that up to the present the draft of the report has not been circulated amongst the members of the Commission. I must say, with all respect to my friends who constitute that Commission, that they owe some debt to the public and to the House of Commons. (Hear, hear.) They ought to complete the enquiry and tell us as early as possible what the home charges amount to. It has been said that these charges amount to something like £15,000,000 or £16,000,000, but when one analyses the payments he finds that the payments in respect of railways, railway loans, interest, and management will represent this next year £8,815,000 of the £16,000,000. That is no drain upon India. To say that that is a drain upon India, is equivalent to saying that it is a drain upon the travellers of this country to pay a share of the interest on the debt, and of the dividends on the shares of the London and North-Western Railway Company or of the Great Western Railway Company. There are the army effective charges, and I know there is a strong feeling that those charges are too high. But that is one of the points referred to the Commission. The army effective charges are over a million sterling—£1,027,000. That does not mean the entire cost of the Indian army but merely the home charges. There are stores of all kinds, which take another million sterling, and there are non-effective charges and the charges for the Indian Civil Service. I am well within the mark when I say that the £16,000,000 should be reduced by practically more than one-half in order to arrive at the true sum. The noble lord omitted to mention one thing to-night, and that is the special report of the able Lieutenant-Governor of the North-West Provinces, Sir A. MacDonnell, who was more responsible for the famine work than any other official. I think the mode in which the Indian Government dealt with the famine is one of the most extraordinary illustrations of administrative ability that either the history of India or this country records. (Cheers.) There is one featnre about the famine administration the House should not forget. We have heard a great deal about the diversions and appropriations of the famine insurance fund, but the greatest work was the insurance against famine effected by the protected railways. The consequence has been there has been no part of India where there has been a deficiency of food; the food has been there. In the last famine there was plenty of food, but there were no means of distributing it, and no expenditure of money at that time could have provided the means. Under the wise administration of the Famine Commission the system of protected railways has been carried out at enormous expense, and the result has shown they were wisely devised and administered, and that whatever else the Government have had to grapple with in the case of this famine they have not, owing to the admirable means through railways of conveying food where it was wanted, had to grapple with famine prices for food. (Hear, hear.) One word about the war on the North-West frontier. The House has pronounced its judgment on the policy of that war, and I congratulate the Government that the war has terminated. I think, however, that the remarks of my hon. friend who has just sat down deserve the attention of the noble lord. I do think, now that the war is over and that the country has recognised the bravery, the courage, the endurance, and the self-denial of our soldiers, there should be an investigation by the noble lord, or some one on his behalf, into all the circumstances under which that unfortunate war was commenced. (Hear, hear.) I think the noble lord would do the best thing in the interest of India if he had a rigid enquiry into all the circumstances which caused the specific outbreak at the Khyber Pass, and also an enquiry which would at once set at rest so many of those anonymous stories which are floating about, and which ought to be properly and officially answered as to many of the details of that campaign. I congratulate the noble lord, notwithstanding the gloomy speech of my hon. friend the member for Flint, upon the satisfactory financial position of India. It is satisfactory that with so small an addition to their debt, compared with the expenditure which has been incurred, the Government of India has been able to grapple with three such terrible calamities as war, famine, and plague. (Hear, hear.) By the reduction of many millions in exchange, the noble lord has been enabled to grapple with and meet this additional expenditure without the imposition of any fresh taxation. It is clear that if the rupee had remained at the exchange figure at which it stood when I left office there must have been a very heavy increase either of debt or of taxation to have met the expenditure of the last three years. At the same time, I do not under-rate the financial difficulties of India so far as its currency and the question of exchange are concerned. I think it would be better that the matter should now be left for full and independent enquiry, and I can assure the House that the committee over whom I have the honour to preside are most desirons to avail themselves of the evidence and experience of competent gentlemen, totally irrespective of whether they hold monometallic or bimetallic views. (Cheers.)

Mr. V. Gibbs remarked that he did not accuse the Secretary for India of a breach of faith, for of that he was incapable, but he had failed to satisfy the City of London, as a whole, in the composition of the committee. The tone of the speech of the right hon. member for Wolverhampton suggested that India was prosperous and had been successfully managed. But he mentioned the gigantic loss which the Indian Government would have incurred if she had not taken steps to raise the rate of exchange. In other words, this successfully managed country would have been face to face with bankruptcy if she had not created an artificial system of coinage, destroyed the automatic currency which existed in the country, and had not made the coinage restricted in amount and inflated in value. Mr. Harrison, in his evidence before the Herschell Commission, stated that the accumulated hoards of silver amounted to 3,000 millions of rupees. But by the Secretary of State's own action the Indian Government had depreciated that amount to 1,800 millions of rupees, or a loss of 1,200 millions of rupees, which, at 1s. 4d. exchange, represented £80,000,000 sterling. This was not a small cost for the people of India to pay for this policy. He supported what the hon. member for Cardiff had said as to the increase in the gold indebtedness of India. But while the Indian Government were complaining of the increase of their gold debt they had increased it at a more rapid ratio than it had been increased before. It was said that India presented such an excellent field for English capital. The rate of interest in England was extremely low, but in India it was comparatively high. Yet English merchants did not employ their capital in India because of the way in which the Indian Government tampered with the currency. No one had confidence in the power of the Indian Government to maintain exchange at the rate it was now, and that was the reason capital was going out of India instead of going into it.

Sir W. Wedderburn said that he understood from the explanation given by the noble lord the Secretary of State for India that the financial statement he had made that evening was only for the purpose of shewing the grounds upon which a sterling loan was now asked for, and that this was not a substitute for the statement he would make in moving the adoption of the formal resolution on the East India Accounts. On that occasion, he understood, they would as usual have the opportunity of discussing general questions on the motion that the Speaker do leave the Chair. Lord G. Hamilton having signified his assent, Sir W. Wedderburn expressed his thanks for this arrangement, and said that on that understanding, he would not on that occasion enter upon the general question of Indian finance, but would confine his remarks to the matters directly affecting the proposed loan. Only before doing so he wished to join his voice to those who expressed admiration of the work done by the Government officers in India in fighting the famine. (Hear, hear.) Nothing better could have been done in mitigating the disaster, but what he wished to impress on the noble lord was the necessity of taking measures for prevention by improving the condition of the rayat. Those measures could only be framed after careful and minute village to village enquiry, such as he had often already advocated. Coming to the resolution now before the Committee he wished to say something about the proposed railway extension from the point of view of the Indian taxpayer. The Indian taxpayer had a very substantial interest in this question, seeing that his guarantee was to be given to an expenditure of Rx. 30,000,000. Also as the Committee was aware, independent Indian opinion did not always coincide with official opinion. In the present case he was able to state with some confidence the Indian view on this question, because representative Indian witnesses had been examined before the Royal Commission, of which he had the honour to be a member, and they unanimously were of opinion that, though great benefits had accrued from the building of railways, a pause should now take place on account of the critical position of Indian finance. (Hear, hear.) The trunk lines had been completed; also the 20,000 miles of protective railways recommended by the Finance Commission, and the supplemental railways might be left to private enterprise or built out of surplus revenue. The further construction of railways from borrowed capital was a luxury which the Indian taxpayer could not afford so long as he was taxed so crushingly on the necessaries of life, paying 20 pence duty for each pennyworth of salt. This was, he believed, the view held by Sir Auckland Colvin, one of the ablest finance ministers they had ever had. Then another reason for Government not undertaking further speculative enterprise in railways was that the railways already constructed had realised not a profit but a loss. He referred to an interesting Government report on the administration of railways for 1896-7, which at page 16 gave a table showing the profit or loss upon all Government railways constructed since 1858-9. There were three classes of State railways: 1st, guaranteed railways. These had cost over £46,000,000, and had resulted in a loss of Rx. 33 millions; 2nd, State lines worked by the State had cost Rx. 90 millions, and caused a loss of Rx. 23 millions; 3rd, State railways leased by the State had cost Rx. 70 millions, and caused a loss of Rx. 7 millions. To these sums add Rx. 6 millions of other charges, giving a gross total loss of Rx. 70 millions. From this must be deducted Rx. 14 millions gain upon the East Indian Railway, leaving a net loss on the 38 years of Rx. $55\frac{1}{2}$ millions. Now it might be asked, if the railways resulted in a loss, and if the people of India did not ask for them, why were they pressed on? He feared that the pressure came a good deal from capitalists in England who desired a good and safe investment and to supply the plant for railways. For himself he thought irrigation was now the best preservative against famine, and the cost of irrigation works for the most part went to the people in wages and remained in India. (Cheers.) Now he wished to say a few words on a very important point, referred to by the hon. member for Cardiff and the right hon. member for Wolverhampton, namely, distinction between productive and non-productive public works. He believed he was right in saying that the rule observed by the Government of India was that productive railways might be built with borrowed capital, whereas non-productive works must be built from surplus revenue. Now this distinction was most important, and operations under this rule required to be very strictly scrutinised, for at any time by transferring a large sum from revenue to capital account, or *vice versâ*, a deficit in the Budget could either be extinguished or created. And owing to the complex nature of these public works accounts it was very difficult to exercise this necessary scrutiny. For confusion was very apt to arise in the accounts kept both in pounds sterling and tens of rupees, and divided between productive and non-productive. He would illustrate this by referring to the Finance and Revenue Accounts of 1895-6, which showed all the borrowings since 1866, when this system began. The debt created in those thirty years was in round numbers Rx. 40 millions and

£87 millions, and the amounts spent in productive works was Rx. $96\frac{3}{4}$ millions and £$33\frac{1}{2}$ millions, showing a silver excess of Rx. $56\frac{3}{4}$ spent, with a gold balance of £$53\frac{1}{2}$ millions not spent on productive works. Now it was here that the India Office made a misleading operation by mixing up the gold and silver, and setting off the £$53\frac{1}{2}$ millions against the Rx. $56\frac{3}{4}$, as though they were of the same denomination, thereby making it appear that they had spent on productive works Rx. 3 millions more than they had borrowed. In reality the £$53\frac{1}{2}$ millions were equivalent to Rx. $73\frac{1}{2}$ millions, so that the real difference was Rx. $16\frac{3}{4}$, and adding to this Rx. 7 millions of unfunded debt, showed really a sum of Rx. $23\frac{3}{4}$ added to the non-productive debt. He would be glad if the noble lord would explain what had become of these Rx. $23\frac{3}{4}$ millions? In any case it showed how big errors might creep in if accounts were complicated and confused. To prevent such confusion he would suggest that all such sterling loans should be borrowed for a specific stated purpose, and earmarked; and if the expenditure was in rupees the sterling should be converted into rupees at the rate current when the loan was raised. As regards the management of railway finance, he considered it a great misfortune that when the G.I.P. Railway might have been acquired by Government the right was waived, and the Indian witnesses were in favour of Government taking up the guaranteed railways at the first opportunity. In conclusion, he would only say a word as to the general policy of these gold loans. It was the existence of these sterling loans and the heavy home charges which disordered the Indian exchange and currency. Instead of aggravating these evils by continually adding to these gold debts he would recommend the noble lord to direct his energies to remove the cause of the mischief. The main remedy lay in the Imperial exchequer bearing its fair share of Imperial expenses, especially military ones, now unfairly placed upon India. (Cheers.) Also much might be done by giving to Indians their fair share in the public service of their own country, in accordance with the Queen's Proclamation. This would help to check the drain of capital from India to England, and make our rule more intelligent and more sympathetic, and therefore safer. The Indians of whom hon. members had experience did their duty well. The Sikhs and Goorkhas fought on our side as well as the best of our troops; in the competitive examinations, though in a foreign language, Indian candidates sometimes headed the lists; Professor Bose had surprised all Europe by his discoveries in science; and his friend Prince Ranjitsinhji had taught them how to play their own national game. Give these men a fair chance in the service of their own country, and he was sure it would tend to the safety, honour, and welfare of the Empire. (Cheers.)

Sir J. Lubbock, after congratulating the noble lord on his able and lucid statement, said he was sure that the commercial community would hear with satisfaction that the committee sitting on the Indian currency not only might, but would enquire into the whole question—into a silver as well as a gold standard. Too much, he thought, was made of the £16,000,000 annually remitted from India to this country. Some £6,000,000, for instance, represented interest on capital spent on railways. It was paid, not by the taxpayer, but by the railway traveller. Other countries also had to make heavy remittances for the same object. The advantage was mutual, and young, growing countries thus had the benefit of cheap capital, without which their railway system could never have been developed. He could not agree with the hon. member for Herts that the closing of the mints had inflicted a loss of £80,000,000 on the natives of India. To some slight extent it had depressed the value of silver bullion, but the main difference was that it had raised the value of the rupee. At the same time, the great difference in value between coined and uncoined silver in India was one of the evils of the present currency system. The hon. member for Banffshire had contrasted the importance of railways and irrigation works, to the great advantage of the latter. Both were important, but he thought they could not look on them as competing classes; the importance of each work must be judged on its own merits. Railways had done much in preventing famines by carrying food from districts where the crops were good to those where they had failed, and he hoped the Government would continue to extend the Indian railways. He thought the noble lord had showed that though there was every reason for prudence and economy in Indian finance, there was no cause for alarm. (Hear, hear.)

Sir M. Bhownaggree joined in the congratulations to the noble lord on the financial statement he had laid before the Committee. The method with which the Indian authorities had managed their finances and coped with the terrible scourges of famine and plague redounded to their credit, and gave proof of their administrative ability. (Hear, hear.) He agreed with what had been said by the right hon. baronet who had preceded him as to the expediency of constructing railways, for they not only afforded means of transport, but they actually carried with them a moral and material development of the country which could not be too highly valued. Referring to the evidence of the Native witnesses before the Royal Commission, he absolutely denied that it was, as alleged, representative of Native feeling. These witnesses were sent by no bodies of intelligent or responsible Native gentlemen, much less by the whole Native community.

Sir W. Wedderburn said they were sent by the Government of India and the local Governors as Native witnesses.

Sir M. Bhownaggree said the Royal Commission wisely asked for the expression of Native opinion, but the Government of India, by an error of judgment which he hoped would not be repeated, instead of making the selection of witnesses for themselves and seeking representatives from non-political bodies like the chambers of commerce in the different provinces, had recourse to infinitesimal political bodies, the members of which could scarcely be counted by a few hundreds. Such were the Native witnesses, and it showed immense pluck on their part to proceed on an expedition for which they were scarcely fitted. (Laughter.) Some of the opinions they expressed amused the people here in England, but disgusted the Native population in India. He congratulated the noble lord on the extremely satisfactory Budget, but he could not help thinking that a great deal of educational work lay before the Government of India—educational work which they had too long neglected. The people must be taught to utilise their education so that it might help them in the development of the industrial and material resources of the country. (Hear, hear.) It was not necessary to turn out "spouters" and writers. He trusted that after the pestilence and famine had departed much would be done in the direction he had indicated. The Government should try to get at the minds of the people of India, for without that much of their noble work would be thrown away. As to the Currency Committee, he pointed out that from all the Native population there was not a single representative upon it. He bore testimony to the great sacrifices which had been made in dealing with the plague. Many valuable lives had been sacrificed in that work, and he felt it to be his duty to re-echo from his place the words of praise spoken by the noble lord with regard to the Governor-General of India. He also tendered his thanks to the noble lord himself for his splendid services to India. (Hear, hear.)

Mr. Strauss said there were two things which spoiled the picture presented by the noble lord—one was that capital had not gone out to India for private enterprise, and the other was that there had been a steady fall in the exports of merchandise. With regard to the Currency Committee lately appointed, on March 29 the noble lord told the House that no currency could succeed which had not the confidence of the people; yet on the committee he had chosen there was again a majority of Indian officials or ex-officials. Then, after the committee was chosen, what happened?

The Chairman said he thought the hon. member was not entitled to go at length into the composition of the committee.

Mr. Strauss said he only wished to point out to the noble lord how he might be able to give confidence to private enterprise, so that money might go out to India. Since the selection of the committee the noble lord had received a memorial signed by the Governor of the Bank of England and by a number of gentlemen who did most of the trade with India asking him to reconsider his selection. The noble lord answered, "*Dixi*; I have appointed the committee and I will not change it." He hoped, however, that the noble lord would not consider it too late now, and would, in the interest of commerce, reconsider the matter and appoint two or three commercial gentlemen who would give that confidence to India and the City of London which was so much required.

On the return of the Chairman after the usual interval,

Mr. Duckworth said he did not wonder at the complaint made by Sir M. Bhownaggree at the want of interest taken in Indian affairs by the House during that debate. He felt that they were laying up a store of trouble in days to come similar to that produced in the case of Ireland, and perhaps it would lead to greater disaster than the Irish question was likely to create. The government of over 200 millions of human beings ought not to be a matter of slight indifference to that House. Representing an industrial constituency, he felt that the interests of Lancashire were very closely bound up with our fellow-men in India. Not only had Lancashire close business relations with them, but their well-being reflected upon this country in an industrial sense. We were morally responsible for the welfare of our Indian subjects. It was a proud thing for a country like England to have such a dependency as India, and they ought to try to make it one of the brightest jewels in her Majesty's crown. Year by year India should demand our greatest interest, best effort, and best thought. He hoped as long as he was a member of that House he should manifest as much interest in the affairs of India as he felt before he became a member of that assembly. He again expressed his deep regret that so much indifference to the debate had been manifested.

Mr. Harwood hoped that party feeling would never enter into the considerations of the affairs of India. He was sorry, however, that Sir M. Bhownaggree sneered at education in that country.

Sir M. Bhownaggree denied that he had done so. On the contrary, he was in favour of the spread of education. What he had referred to was the application of education.

Mr. Harwood had hoped the hon. member would have pointed out that a less special education would have been the truest patriotism for India. Regarding the financial condition of India, he could quite conceive that it might be more advantageous for that country that the Budget should not balance because it was possible that the arrangement by which that was brought about would have more disadvantages than advantages. The most marked lesson of the prosperity of this country was the great advantage of Free Trade, both in currency and in commodities. If they proposed to apply the gerrymandering system to English finance as they had to Indian, the people would soon see the absurdity of it. The Government balanced the Indian Budget, but they thereby placed a burden upon every trade and every labourer throughout India. No greater disease could be brought upon India than forcing up the rupee. It was far better to face the financial diffi ulty. India was a fruitful field for the employment of capital if confidence were introduced, but capital was not going there because there was a want of confidence and because the financial system was built upon a fictitious basis and a basis which was sure sooner or later to crumble and bring great disaster to the trade of the country. The interests of the privileged classes ought not to be wholly considered in this matter. The country would stand taxation much better if it were left to the free operation of true trade principles. Therefore he begged the noble lord to consider the welfare of the country and not merely the balancing of the Budget.

The resolution was then agreed to and ordered to be reported to the House.

The House resumed.

INDIA OFFICE (STORE DEPOT).

The resolution authorising the raising of money for the purchase of land for the India Office (Store Depôt) was agreed to in Committee and reported to the House without amendment.

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